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ADDIS ABABA UNIVERSITY

COLLEGE OF MANAGEMENT, INFORMATICS AND ECONOMICS SCIENCE

SCHOOL OF BUSINESS AND PUBLIC ADMINISTRATION

DEPARTMENT OF ACCOUNTING AND FINANCE

**THE STUDY OF FACTORS INFLUENCING SAVINGS AND CREDITS: IN THE
CASE OF SAVINGS AND CREDIT COOPERATIVES -NORTH SHEWA ZONE
AMHRA NATIONAL REGIONAL STATE**

BY

ABAYNEH KINDIE DERSO

JUNE, 2011

ADDISABABA

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GRADUATE STUDIES

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CERTIFICATION

This is to certify that the thesis work entitled “**The Study of Factors Influencing Savings and Credits: in the case of savings and Credit Cooperatives -North Shewazone Amhara National Regional State**” is a genuine work of Mr. Abayneh Kindie who carried out the Research under my guidance. Certified further, that to the Best of my knowledge the work reported herein doesn't form part of any other project report or dissertation on the bases of which a degree or award was conferred on an earlier occasion on this or any other candidate.

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Acronyms

- AAS: Average Annual Savings
- ACDI: Agricultural Cooperative Development Institution
- ACE: Agricultural cooperatives in Ethiopia
- BOD: Board of Directors
- CUP: Cooperative Union Project
- CPBs: Cooperative Promotion Bureaus
- DCA: Development Credit Authority
- GDP: Gross Domestic Product
- ICA: International Cooperative Alliance
- ILO: International Labour Organization
- LGF: Loan Guarantee Facility
- OLS: Ordinary Least Square
- SCC: Savings and Credit Cooperative
- MDGs: Millennium Development Goals
- SASCCO: Saving Society of Credit cooperative
- USAID: United States Agency for International Development

Abstract

This paper examines saving and credit cooperatives in North Shewa Zone- Amhara Region and identifies key factors which has a problems including lack of sufficient managements and gaps in the managing savings and credit cooperatives in such areas as creating awareness to its members by giving consultancy services and cooperative trainings on utilizing savings as well as credits (loans). The paper suggests that in how to decrease these problems to increase savings that has a significant factor on the individual developments. The basic objectives of the research were to examine the factors, level of habits, and awareness which influences savings and credit (loan) of cooperatives in North Shewa Zone –Amhara Region, Ethiopia and to outline the customs of members (owners) and managers of savings and credit cooperatives in the study area. The cross sectional survey with structured questionnaire was used to collect data for the purposes which have been generated both from primary sources (in most cases-including interviews) and secondary sources (in less case). The model ordinary least square was evolved in the process of predicting savings responding with independent variables from members and credit (loan) management from experiences of empowered managers in the savings and credit cooperatives. The descriptive and inferential statistic with SPSS (Software Package for Social Science) was used to analyse and interpret the result. Status in terms of amount of income, Education level and occupation were not a significant factors and Family size instead encourages accumulations of savings for a grant of bequest. Men's contribution in the affairs of cooperatives was highly significant. The major problems identified were inadequate cooperative training, consultancy, and awareness, to develop trust in the minds of members and trained manpower in the management of loan in savings and credit cooperatives.

CHAPTER ONE

INTRODUCTION

1.1 Back ground of the study

Savings and credit cooperatives societies are old age around the world. European countries were with long history of saving and co-operative societies (Janet Marie Eisenhauer, 2008).

Questions like ‘What are cooperatives, and how big is the cooperative sector?’ are taken as back ground in this study. Cooperatives are member-owned businesses. The simplest way to understand them is that they aggregate the market power of people who on their own could achieve little or nothing, and in so doing they provide ways out of poverty and powerlessness.

The representative body for cooperatives, the International Cooperative Alliance (ICA, 2008) defined a cooperative as:

Cooperative is an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations, through a jointly owned and democratically controlled enterprise.

This definition and the ICA set out seven cooperative principles: voluntary and open membership; democratic member control; member economic participation; autonomy and independence; education, training and information; cooperation among cooperatives; and concern for community

Savings and credit cooperatives societies: - Savings and credit cooperative societies are defined as associations for people who pool together their financial and human resources for the purpose of giving loans to each other and using the pool of ideas for the betterment of their members. They are formed under a pre-defined common bond. Loans are used for

economic and other worthwhile purposes. The members are owners of the Saving and co-operative societies and customers at the same time (SASCCO, 2008). The history of savings and credit cooperatives in Swaziland dates back to the 1960s when they were established, although their existence was short-lived, as most of them became dormant because much focus was on farmers' cooperatives (M. B. Masuku and A. Belete, 2010)

Operative society in Ethiopia

Cooperation is an age-old tradition that runs through the fabric of Ethiopian society. For centuries, the spirit of self-help has been an integral part of farming communities. However, despite the existence of 4,052 agricultural cooperatives in Ethiopia, with a membership of 4.5 million, smallholder farmers continue to be under-served, exploited and marginalized. Since the coming to power of the present government in 1991, Ethiopia has been undergoing major political and economic changes (Joshua Walton, 2000).

The authoritarian, centrally planned and controlled economy of the previous two decades is being replaced by more democratic, decentralized and free-market economic development, with food security and self-sufficiency amongst the highest government priorities. In line with the government's plan to privatize business and industry, ACDI with USAID funding is helping to restructure these cooperatives to become farmer owned and controlled, democratic and transparent. ACDI is a private, non-profit international development organization which provides technical assistance, training and managerial support in emerging markets and developing countries. These were owned and supported by the largest grower-owned supply and processing cooperatives and farm credit banks in the United States.

Since 1997, ACDI has worked through existing structures to empower the smallholder farmers of Ethiopia to benefit from forming competitive, profit-oriented and professionally managed cooperatives. ACDI began by working with the Lumme Adama Farmers' Cooperative Union in East Shewa to provide advice on marketing and business management, procedural issues, accounting, and record keeping. The Union was encouraged to initiate a bidding process for inputs, which reduced the price of fertilizer to all cooperatives in the district and saved its member cooperatives. Cooperatives in other districts subsequently formed buying groups to follow the bidding process used in Lumme-Adama, and then four new district-level cereal cooperative unions have been established. As a direct result, the smallholder price of fertilizer has been reduced substantially.

The Lumme-Adama Union has also bought and stored grain from primary cooperative members, and has purchased tractors to provide mechanized plough and hauling services for members. Extensive training in cooperative management has been given to union managers and staff, and to local cooperative members. All four unions, as well as 24 primary societies, have hired professional managers. In January 2000 ACDI in collaboration with the Regional Cooperative Promotion Bureaus, launched a five-year extension of the on-going cooperative development effort to benefit small-scale farmers in the four major regions of Ethiopia: Oromia, Tigray, South and Amhara.

The Agricultural Cooperatives in Ethiopia (ACE) program is supporting the establishment of secondary level unions, allowing members to take advantage of economies of scale in purchasing and marketing. ACE, currently working with 85,800 farm families, focuses on training at all levels of the cooperative community from farmers, cooperative directors and managers to government and cooperative bureau staff. Cooperative managers are being trained in improved management practices, and personnel of the Regional Agricultural Cooperative Bureaus are acquiring the skills to extend improved management techniques to

unions and cooperatives. Until the year 2000, farmers have had little access to credit to fund crop marketing activities, but with support from USAID's Development Credit Authority (Development Credit Authority), ACE supports a loan guarantee facility (LGF) for smallholder cooperatives.

Co-operatives in Ethiopia as of 2000 have the following issues

- Cooperatives must be farmer-owned and controlled. In order to be successful, cooperatives must be supported by their members through direct investment and control. This direct support is the best measure of how well cooperatives are functioning as a rural institutions. Cooperatives that do not meet the needs of their farmer members do not receive support.
- Cooperatives require the informed involvement and decision-making of members. The need for informed member-participation in decision-making through voting and standing for election to the board and other committees is a spur to on-going education. As cooperatives become functional businesses, members become self-motivated in identifying areas of further education and technical assistance that they require.
- Cooperatives can adapt to the changing needs of their membership. As farmer-members gain access to information and increase their business skills and capacity, cooperatives are able to adapt their operations to meet farmers changing needs by expanding their product lines, developing value-added processing, or moving into entirely new types of business.
- Cooperative Unions build scale. In addition to delivering training and technical assistance to member cooperatives, unions provide the opportunity for increased

integration of markets and increased empowerment of farmers in terms of regional and national influence.

- Cooperatives can be restructured. In a conducive enabling environment, with sufficient member awareness, training and support, even top down cooperatives can be restructured and reoriented so as to serve their members. These financial self-help associations have money saving and lending as their primary function.

Saving and credit association is under the cooperative union in North Shewa Zone of Ethiopia –where in this research is going to conduct. Cooperative union includes farming cooperative, agricultural cooperative, dairy cooperative and cooperative in marketing. But this research concerns only money saving and credit association of cooperative union in selected area in the North Shewa Zone – Debre birhan City and woredas. North Shewa Zone is found south east Amhara region. There are saving and credit cooperatives in this Zone and members are farmers, employees, merchants and others. The researcher tried to identify, see, and evaluate the factors that influence saves and credit in saving and credit associations of cooperative societies. The research findings will be in put to further researchers or policy makers.

1.2 Statement of the problem

According to World Bank, 2009, Cooperatives, as economic enterprises and as self-help organizations, play a meaningful role in uplifting the socio-economic conditions of their members and their local communities. Over the years, cooperative enterprises have successfully operated locally owned people-centred businesses while also serving as catalysts for social organization and unity. With their concern for their members and communities, they represent a model of economic enterprise that places high regard for democratic and human values and respect for the environment. As the world today faces unstable financial systems, increased insecurity of food supply, growing inequality worldwide, rapid climate change and increased environmental degradation, it is increasingly compelling to consider the model of economic enterprise that cooperatives offer.

The cooperative sector, especially in developing countries, also presents itself as an important element that can contribute to the realization of the Millennium Development Goals (MDGs) by 2015. Thus cooperatives are still held back by issues like over-regulation from governments and poor internal governance which can lead to lack of trust in their own elected officials. Farmer cooperatives need assistance to improve the quality of produce for export in a global economy that puts the responsibility on producers to meet quality standards. Credit cooperatives need strengthened capacity to do banking and manage risk. Challenges in which saving and credit cooperatives are faced are awareness and trust of its cooperative union and sometimes Government policies. When saving is not used, people would be faced in problem to deserve their life and to resist this challenging environment. Even they would not improve their wealth.

Besides the solution to reduce these risks by minimizing the challenge factors is needed to develop the users' economy which has a great impact in the development of the country's

gross domestic product (GDP). So, to the **knowledge of the researcher**, there were no detailed researches conducted in the area of saving and credit cooperatives to identify and evaluate factors and the level of influence yet. Thus the researcher motivated that to identify the factors influencing savings and credit by members (owners) of saving and credit cooperatives in Debre Birhan City and woredas which are in the NorthShewa Zone-Amhara Regon, Ethiopia.

1.3 Objective of the study

1.3.1 General objective

This study analysed factors influencing savings and credit of saving and credit co-operative association in North Shewa Zone, Debre-Birhan City and woredas–Amhara Region, Ethiopia.

Saving and credit association in the North shewa Zone -Amhara Region, was under the union of the cooperative society. The members first required to save money based on criterions which were established by a union of cooperative society. After having money savings in the association the members could lend money from their association which in turn has interest as per regulations of the union.

1.3.2 Specific objectives

- To identify factors that influence money saving by members of saving and Credit association of cooperative society in Debre Birhan city and woredas-North Shewa Zone
- To examine how much the members of saving and credit cooperative association are aware of the practice of savings and credit

- To measure the level of members habit in using money savings and borrowing from the associations
- To check savings and credit members trust towards their savings and credit association in line with government policies
- To assess saving and credit cooperative associations' management work performance habit to ascertain their trust and reliance to their members for achieving their goals
- To see how far the associations managing body's orientation and consultancy work has achieved towards minimizing challenges and factors that influence owners saving and credit
- To suggest the possible solutions and show directions that will support the saving and credit associations of cooperative society.

Research questions

The researcher tries to answer the following questions

- ✓ What are the factors that affect the members of savings and credit cooperatives to saving and to use loan from its cooperatives?
- ✓ How is the awareness of the members of cooperative associations in practicing savings and credit?
- ✓ What is the level of members' habit in using money saving and money borrowing?

- ✓ How is the savings and credit members' trust to words their saving and credit association as well as government policies?
- ✓ How is the managers' orientations pattern to ascertain the associations' trust and reliance to its members?
- ✓ How associations' orientations and consultancy minimizes challenges that influence savings and credit?
- ✓ What are the directions which will support to increase money savings and using of credits?

1.3.3 Hypothesis development

1. Income and Education have a significant value on saving and are positively related. As income and education level increases, the savings of a people increases. Because the income is the basis for savings and education create awareness about savings so income and education has a positive impact for savings. The hypothesis to test these two factors that are income and education level was used in assumption that the Beta (β) for two factors is zero. this means that for testing purpose, the researcher began by hypothesizing that the income and education level are insignificant to affect the savings, therefore the null hypothesis and alternative hypothesis was stated as indicated here followed:

Ho: Income does not have a significant effect on savings, Education does not affect savings

H1: there is a significant effect of income on savings, education affects savings

2. Family sizes and savings have a negative relationship. As family size increases the savings decreases.

Ho: Family size has an insignificant effect on savings

H1: Family size has a significant effect on savings

As a family size increases, the consumption or expenditure increases. Whether the peoples are aware of savings or not and whether they have a trust on their saving and credit cooperatives, the family size greatly influence the savings' capacity of a family head or spouse. In the same ways as above, it was also hypothesized that the family size whether it increase or not has an insignificant effect on the savings of a people, and the alternative hypothesis was that there is a significant impact on savings.

3. Awareness about the savings and credit has a positive impact on savings. Awareness is a factor that influences savings as well as credit positively.

Ho: Awareness is insignificant that does not affect savings

H1: there a positive relationship between awareness and savings

Awareness about the savings and credit use to the people increases their savings and utilize their loan use. Creating of awareness in the minds of the members of savings and credit cooperatives gives them the confidence to accumulate the money on their account and decreases cease from memberships. Orientation, cooperative training, and consultancy minimizes the challenges of savings and credits by creating awareness for the members of savings and credit cooperatives.

4. consumption affects savings and use of loans

Ho: there is no a significant impact of consumption on savings

H1: consumption significantly affects savings and the loan use also influenced by consumption.

Consumption custom has a significant effect on savings of a people. There is difference between people who use programmed consumption, semi-programmed consumption, and non programmed consumption. As one become more programmed, his or her savings increases and appropriate utilization of loan becomes more effective.

5. Saving habits of a community increase savings and using of credit or loan by a people

Ho: being male, female, single, or married does not affect savings, and on use of loans from their cooperatives

H1: gender and marital status has a significant effect on his or her saving, and use of loans from their cooperatives.

Gender effect on the savings is influenced by the community's culture, or habit. in some area or community men (males) are initiated to use savings and borrowing of loans but females (women) are discouraged to do that. Married peoples have unit strength to save than non-married people.

6. The cooperative managers' orientation about its goals, policies, procedures, directives, and rules delivers a trust to member and members' trust towards their savings and credit cooperatives increases the members saving in the cooperatives

Ho: There is insignificant relationship between Trust and savings.

H1: Trust and savings are positively related



Trust towards savings and credit cooperatives has a positive effect on people's savings. The trust in the minds of people is developed by managers' ability and commitment. If the directives and operating reports or procedures are not clear to the cooperative members, the members are not willing to continue as a membership and not willing to save the money in their account in the savings and cooperatives .

1.4 Scope, Research site, and Limitations of the study

1.4.1 Scope of the study

Although there were 23 woredas in North shewa zone-Amhara Region and a depth analysis of each woreda was a best to get detailed information, due to time and budget, the study was being covered the saving and credit associations in Debre Birhan city and seven woredas in North Shewa Zone-Amhara Region, Ethiopia. Saving and credit co-operatives in seven woredas had its union (saving and credit co-operative union) in Debre Birhan city. Thus this study included samples of all saving and credit co-operatives within study area scope.

1.4.2 Research Site

The research site was North shewa zone- Debre Birhan city and seven woredas around the city. These money saving and credit were established based on the co-operative union laws of government. Researchers chosen these areas as a research site because of the recent changes in money savings and credit of saving and credit association under the co-operative union and associations and union was enable the researcher to get quantitative data from its

cooperatives' members and documented information for directives, regulations, and procedures which were practiced in the cooperatives.

1.4.3 Limitation of the study

As a research site incorporate woredas of rural areas of North shewa Zone, the researcher was faced in problem to manage the respondents easily in rural areas and secondary data were not easily available to assess operating results. In addition, the handling cost or fund was very low than expected in the budget plan. Some confidential documents regarding with saving and credit was less likely be provided by management of the saving and credit association and co-operative union (stated research area in scope, above).

1.5 Significance of the study

Cooperatives might have a significant direct impact on people's life through the services they deliver like credit, agricultural inputs, access to markets, storage & transport, housing, among others (Ignace Pollet, 2009)

Research conducted in the area of saving and credit co-operative society are useable in saving planning procedure, credit management decision and challenge existing, saving and credit co-operative policies, saving habit controlling and feedback evolution, even for local and state government (**Ji-Yeune Rim & John Rouse 2002**).

Cooperatives, as economic enterprises and as self-help organizations, play a meaningful role in uplifting the socio-economic conditions of their members and their local communities. Over the years, cooperative enterprises have successfully operated locally owned people-centred businesses while also serving for social organization. With their concern for their

members and communities, they represent a model of economic enterprise that places high regard for self-ruled and human values and respect for the environment. It was increasingly compelling to consider the model of economic enterprise that cooperatives offer. The cooperative sector, especially in developing countries, also presents itself as an important element that can contribute to the realization of the Millennium Development Goals by 2015. Cooperatives are economic associations, so they provide the opportunity for poor people to raise their incomes. In addition, there is increasing evidence indicating that cooperatives also contribute directly and indirectly to meeting several Governments' goals. Workers in the informal sector have formed shared service cooperatives and associations to assist in their self-employment. In most rural areas, savings and credit cooperatives provide access to banking services which are lacking in many communities.

(International Cooperative Alliance, 2008)

This study would provide a significant role to identify factors influencing for saving planning, credit management decision making, and saving habit controlling. In addition to these, the researcher thinks this study would give a directions about money saving, money lending, credit and credit return managing for members, employees and managers of saving and credit co-operative society, to satisfy owners' (members') need in selected research area and government policies. The researcher findings would be used as direction or input for members of saving and credit cooperatives, managers and policy makers as well as further researchers.

1.6 Organization of the Study

The remaining part of the paper is organized as follows. Chapter two deals with theoretical and empirical literature review of savings and credit cooperatives, and unions of cooperatives followed by the third chapter which is devoted to the data source and research methodologies. Chapter four provides descriptive analysis, estimation results and discussions. Finally in chapter five, the study provides conclusions and recommendations with suggestions for further research.

CHAPTER TWO

LITERATURE REVIEW

In this part researcher tries to see and review the theoretical concepts and related empirical researches' findings of the savings and credit cooperative associations. Finally identifies the knowledge gaps in relation with factors that challenges savings which is made by members of cooperative associations as well as credits which is lend to members.

2.1 Theoretical or historical perspectives of savings and credit cooperative associations

Poor people are accustomed to saving and have been saving for centuries using informal methods such as jewellery and animals. The poor desire savings that are convenient, flexible, manage their risks, and organised by helpful staff (Nicola Hall 2005).

Credit cooperatives, by their very nature, exhibit a close link between their lending and deposit-collecting operations. In addition, the "promotional principle" creates a close link between the credit cooperative on the one hand and the economic enterprises and activities of the members on the other (Jan P. Krahnem, 1995).

Group saving approaches have had notable successes when they are responsibly managed, and when the savings are felt as an asset by their members. Many of these successes have occurred when women have been significantly involved in their constitution and management

Group savings also help build solidarity among members and provide a safety net against exploitative money lending. Ample evidence of this exists in the widespread use of informal and formal group saving approaches around the world: rotating savings and credit groups, savings clubs, village banks, credit unions, and so on. The fact that they must be essentially

self managed, gives the opportunity to generate group self-confidence, the first step towards sustainable poverty elimination (**Ji-Yeune Rim & John Rouse, 2002**)

The Cooperative Facility for Africa is a regional technical cooperation programme of the International Labour Organization (ILO) contributing to the achievement of the Millennium Development Goals and the promotion of decent work in Africa by promoting self-help initiatives, mutual assistance in communities and cross border exchanges through the cooperative approach. Cooperative Africa contributes to improving the governance, efficiency and performance of primary cooperatives, other social economy organizations and their higher level structures in order to strengthen their capacity to access markets, create jobs, generate income, reduce poverty, provide social protection and give their members a voice and representation in society.

2.1.1 The role of the government for Savings and credit cooperatives Development

Government has a crucial role for the development of the savings and credit cooperatives by issuing policies, procedures and ground rules which help them to maintain the challenges and grow in development movement. as a knowledge of researcher, even there is no exact time when the international policies for savings and credit cooperatives were developed, the savings and credit co-operative unions were revitalized between Africa and Swaziland in the 1980s when the Government of Swaziland, together with Cooperative African Confederation of Cooperative Savings and Credit Associations, developed favourable policies which provided an environment that was conducive for the growth and development of saving and credit cooperatives (Mavimbela, et al. 2010).

In addition to policies or laws which is needed for representation nationally and internationally, the demand for services, such as education and training to enhance the quality and quantity of the savings and credit cooperatives are called for societies coming together for the development while controlling some factors that influences the members saving and credit of savings and credit cooperatives. when policies or codes of government regulation to savings and credit cooperatives is not clear for members or managers of savings and credit cooperatives, and regulation becomes overlap, challenges are increasing. To avoid such situations, the government can limit its role to providing the legislation and the recognition (through registration) of cooperatives. Moreover beyond this would be that it facilitates cooperatives by organizing training, promotional movements and financial audits. Further still would be that the government establishes structures for cooperative representation and involves the cooperative movement in other policies. This occurred in quite a few African countries at the times of Structural Adjustment in the 1990s. However, in 2008 the government is very much present in the cooperative scene in Africa. Evidence from legislative processes, institutional embedding and cooperative policy all indicate the degree of recognition of savings and credit cooperatives as a significant or potentially significant force in civil society (ibid).

Government policies in Ethiopia has a great role in development and enhancement of savings and credit cooperatives .The formal cooperatives in Ethiopia was dated in 1960, when the first directive of cooperatives was enacted, the current proclamation ensures that savings and credit cooperative policy is fully consistent with the Universal Cooperative Principles and the International Labour Organization (ILO's) Promotion of Cooperatives Recommendation.

2.1.2 Challenges of savings and credits

Saving and credit cooperatives in developed, transition and developing countries have challenges in which they are faced as some points stated under here:

Threats and challenges faced by cooperatives in developed countries

The lack of awareness of their business potential among governments and the general public is a challenge. It also often leads to mischaracterization of their interests. In Europe, for example, the International Accounting Standards Board is seeking to have member's shares in cooperatives treated **developed countries**

One of the biggest challenges to cooperatives is as liabilities rather than equity or capital. This means members will be considered creditors of the cooperative rather than equity owners. International cooperative organizations are opposing the proposed treatment as the proposal is contrary to the nature of cooperatives.

Cooperatives in transitional and developing countries

The growths of cooperatives in transitional and developing countries are first faced in many challenges. In the transitional countries, cooperatives have been viewed as state enterprises; with the collapse of communism, these cooperatives collapsed as well. In the developing countries, cooperatives in the 1950s and 1960s operated under the sponsorship of nationalist governments. There were success stories in sugar and cotton cooperatives in India, dairy cooperatives in India and Bangladesh, coffee cooperatives in Tanzania and Kenya and in several countries a more independent credit sector. Nevertheless, with market liberalization in the 1990s and the withdrawal of government support, many state sponsored cooperatives

could not compete with the private sector and had to shutdown. After these experiences, independent cooperatives have since formed. In the transition economies, new laws were passed and old cooperatives were returned to their members and new ones have formed. In Bosnia and in Serbia, for example, agricultural and marketing coops were formed in response to the demand for produce by a growing supermarket sector.

Threats and challenges faced by cooperatives in developing countries

Cooperatives are democracies with each member having one vote, they empower people to own their own solutions, but this is archived when there is clear understandings and awareness. Cooperatives also contribute to the country directly and indirectly to meet several goals, even the education level, gender equality, culture and trust to the policy influence them to success full in their endeavour . Thus cooperative enterprises face in social exclusion, lack of access to opportunities and growing economic inequality. Traditionally, workers in the informal sector have formed shared service cooperatives and associations to assist in their self-employment. In rural areas, savings and credit cooperatives lack recording and documentation system and unable to access updated information.

(International Cooperative Alliance 2008)

As Ethiopia is one of the developing countries, she needs cooperatives that contribute something to it. Among the different types of cooperatives, saving and credit cooperatives in its significance are challenged by different factors which are included under this research.

2.1.3 Cooperative education in Africa

As cooperation requires cooperative members and staff, as well as government department staff to be aware and informed about procedures, policy and norms, a proper training system should be in place. The quality of this system is indicated by its curriculum, its stability, its staff and its enrolment (i. e. both the number and the type of trainees or students). Cooperative training is offered by cooperative colleges in six of the nine countries (Kenya, Tanzania, Uganda, Zambia, Lesotho and Swaziland). Most of these institutes were founded before or just after independence, and have been a part of the cooperative movement in these countries. However, over the years their ownership has fallen under the ambit of a government ministry (either education or agriculture). The Tanzanian Cooperative College was converted into a university college and is now known as the Moshi University College of Cooperative and Business Studies. The Kenyan Cooperative College is now affiliated to Jomo Kenyata University. In Botswana, a division of the Cooperative Department organizes training courses. In Rwanda, cooperative training is mainly administered through a donor funded Non Governmental Organizations (NGOs). In Ethiopia, the role of cooperative college is assumed by a number of universities and vocational colleges (Harayama, Hawassa, Mekelle and Ambo), (Ignace Pollet, International Labour Organization 2009). In this regard, the researcher is tried to look the impact of level education on savings and credit with other factors.

Training to cooperatives

Poor self employed people are organized in Savings and credit cooperatives, trade groups, market unions and Health Idir in order to build their capacities and sustain their development efforts. Particularly the Health Idir is an innovative initiative to build a

community based health insurance system in an effort to introduce an alternative mutual support mechanism to the traditionally existing funeral associations where support is usually extended after death has already occurred. Major strategies adopted in the health Idir include health education, medical services and mutual support extended to members during times of illness. Training and Development -Members are trained in various essential skills related to micro-enterprise operation as well as other spheres of their lives.

Entrepreneurship/Business Skills training are provided to all members who join the savings and credit cooperatives. These trainings are related with Basic Business Skills, Marketing, Business Planning, Record Keeping, and Creative Thinking and Vocational skills. Leadership and Management skills training are provided to savings and credit cooperatives leaders in order to equip them with skills to manage the cooperatives effectively and efficiently. Financing Working capital or loan is provided to members on revolving fund basis from cooperatives and also savings facilities are provided to its members. The various trainings have brought about changes in attitudes regarding value to self work and savings habits among members (Organization for Women in Self Employment, training cooperative <http://edepot.wur.nl/970>).

2.2 Related Empirical overviews

According to Pullet (2009), the preceding optimistic views have to be tempered with awareness of the constraints that cooperatives in developing countries face. He said that, a recent study of 450 cooperatives in Tanzania and Sri Lanka reports that cooperatives lack access to loan finance to help them expand their business. Other constraints include lack of technical knowledge and access to new technology, and training in business and leadership skills; lack of access to markets beyond their locality; and lack of knowledge about

opportunities for fair trade. These cooperatives are still held back by issues like over-regulation from governments and poor internal governance which can lead to lack of trust in their own elected officials. Farmer cooperatives need assistance to improve the quality of produce for export in a global economy that puts the responsibility on producers to meet quality standards. Credit cooperatives need strengthened capacity to do banking and manage risk.

The low level of participation by women is a challenge faced by many cooperatives, a problem that is worse in agricultural cooperatives compared to other types such as credit cooperatives. One way to address this problem is through setting up women's cooperatives like the women's cooperative banks in the South of Sri Lanka. Awareness campaigns, as in the Women's Dairy Cooperative leadership programme in India, helped double the participation rates of women. In addition, the challenge of low level of involvement of young people and the need to provide them with decent work could be addressed through setting up specialised youth cooperatives and running awareness campaign in existing cooperatives. But his study did not see individual cooperatives' challenges. Cooperative is broad concept which may include banking, consumer, farmer, saving and credit etc, in this aspect, the factors or challenges which influence the savings and credit cooperatives' members is covered in the research. Members are owners of the savings and credit cooperatives regardless of age, occupation or residence perhaps it challenges savings and credits

According to Mavimbela et al. (2010, Swaziland), the savings and credit cooperatives play an important role in improving agricultural production. Hence there is a need to encourage farmers to join and save with cooperatives in order to have access to microfinance and improve their production through the use of improved seeds, technology and fertilizers. In

his study, the primary data were used from 2007 cooperative season of 80 small holder farmers and the main body of research focused on importance of savings and credit cooperatives rather than sorting out of challenging factors of savings and credit cooperatives.

2.2.1 Review of Ethiopian saving and credit cooperatives

A cooperative is an autonomous association(s) of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise (International Co-operative Alliance 2008). They are thus member-based organizations that seek to meet the common benefit of their members. This cooperative definition is being used in many researches in Ethiopia as it has long lasting. When we see the cooperative history in Ethiopia, the people of Ethiopia have got a very long social history of working together to fulfil their socio economic needs. Agriculture, Trade and Military operations were carried out through cooperative efforts. Many social events are still taking place in rural, Ethiopia through collective effort. In Ethiopia there are three well known traditional cooperatives or self-help group, Edir, Ekub and Debo/Wenfal /Lefenty, of which Ekub is a financial form of traditional cooperative formed voluntarily. It is a rotating saving and credit type association whose members make regular contribution to a revolving loan fund. However, the organized systematic cooperatives are the recent origin in Ethiopia. The federal government of Ethiopia has identified cooperative form of business organizations as an instrument of socio-economic change.

The history of formal cooperatives in Ethiopia dates back to 1960, when the first directive of cooperatives was enacted. Since the introduction of the cooperative directive, Ethiopia

has enacted four new proclamations and an amendment act: Directive No.44/1960, Proclamation No.241/1966; Proclamation No.138/1978, Proclamation No. 85/1995, Proclamation No. 147/1998, and Amendment Article No. 402/2004. The latest proclamation No.147/1998 ensures that cooperative policy is fully consistent with the Universal Cooperative Principles and the International Labour Organization (ILO's) Promotion of Cooperatives Recommendation 1993(2002). Aside from enacting cooperatives proclamations, Ethiopia had formulated a five year cooperative development programme. This demonstrates that the federal and regional governments have realized the contribution of cooperatives to economic and social development, food security and poverty reduction in Ethiopia. However, at the district level - where most decision making on capacity building programmes, budgeting and resources allocation takes place - lack of awareness about the role of cooperatives in economic and social development, and lack of awareness regarding cooperative law has made it difficult for integrated promotion of cooperatives in all sectors (Veerakumaran, 2007 Mekele University)

Cooperative development in Ethiopia has been guided by a deliberate legislative framework. To this effect, the first legislation on cooperatives was issued in 1960 (FCA, 2005). This law was amended in 1966 into a Cooperative Proclamation (Proclamation No. 241/1966). In 1995, Ethiopia paid special attention to the development of agricultural cooperatives and issued specific legislation on agricultural cooperatives (Proclamation No. 85/1995). This proclamation outlined the rules and regulations for formation, membership, governance and dissolution of agricultural primary cooperatives in Ethiopia (Bezabih Eman, 2009)

Many Cooperatives have emerged in the recent past to serve the suspended and depressed community of Ethiopia. Due to encouragement given by the present government, as of 31st March 2007, Ethiopia recorded 19147 cooperatives with individual membership of 4617800

of which 4178 were Primary Saving and Credit Cooperatives (SACC). The primaries have formed 21 secondary level Unions. The SACCs' basic objective of fulfilling the productive credit requirement through savings of individual members could be achieved only by organizing strong federations, national and international levels. *(Veerakumaran, 2007 Mekele University)*

The government of Ethiopia has over the years adopted economic reform measures to address the issue of poverty. These measures include creating an environment conducive to a free market economy, employment creation which includes the promotion of policies that will encourage domestic savings and private investment, increasing income earning opportunities and promotion of small-scale industries in the informal sector among others. Credit is therefore also one of the means that is aimed at increasing smallholder production and activities in the informal sector.

According to proclamation NO 147/1998 the management of cooperatives and the general assembly of a society shall:

- 1) Pass decisions after evaluating the general activities of the societies; approve and amend the by-laws and internal regulations of the society
- 2) elect and dismiss the members of the management committee, control committee and when necessary the members of other sub-committees
- 3) determine the amount of shares of the society and decide on how the annual net profit of the society is distributed
- 4) give decision on the audit report; approve the annual work plan and budget; hear work reports and give proper decision and decide that a society either be amalgamated with another society or be divided in pursuance of this proclamation and decide any issue submitted by the management committee and other committees.

2.2.2 Transfer of Necessary Operational Skills to Cooperatives and Unions

The Agricultural Cooperative Ethiopia (ACE) program has been instrumental first in convincing that independent, farmer owned, business-oriented cooperatives could increase the profitability of their farm businesses and then in helping to turn newly formed cooperatives and cooperative unions into viable businesses operating on a sound footing. A major element in its success in turning cooperatives and unions into viable businesses in their own right has been in the training provided to members of the General Assemblies, members of the board of directors (BOD) and staff at all levels. Another element has been the hiring of professional managers and staff to replace part-time volunteers and increase the efficiency of operations. BOD members and managers each are aware of their duties and responsibilities, both recognize the need for internal control and audit.

Cooperatives and unions assisted by ACE have shown dramatic improvements in their capacity to manage their operations as businesses. They are significantly better at managing their operations along sound business principles compared to the way they were operating prior to ACE intervention and to the way cooperatives not assisted by the program are run. Major decisions are made by the General Assembly; the BOD sees that these decisions are carried out and oversees management; managers and other staff see that day-to-day business is handled in the most efficient way possible. Much of the initial training in motivation to join or revive cooperatives, by-laws, rights and responsibilities of members, has been provided by the Cooperative Promotion Bureaus (CPBs) supported by ACE. ACE both through the CPBs and more recently, through directly managed training activities and activities managed by the unions has been providing training to cooperatives on areas necessary to their management of their businesses.

Specialized training related to the products they are most active in buying ,grain, or coffee, has been provided to both cooperatives and unions, and as cooperatives and unions start to diversify into non-core areas, training in new products also been provided. Unions were providing training in some of the following areas: agricultural marketing, market information, price stabilization, consumer goods supply, and warehouse management. Unions are beginning to assist cooperatives with market information and can be expected, as they computerize and improve their communications and their own market information system, to provide more such assistance in the future. Together with ACE, they are helping cooperatives with feasibility studies of proposed new activities and assisting them in seeking sources of financing other than DCA guaranteed loans (Jeff Dorsey and Tesfaye Assefa, 2005).

2.2.3 Savings and Credit Cooperatives (SCCs)

Agricultural Cooperatives in Ethiopia (ACE) Program was an outgrowth of the success in the 1998-1999. Cooperative Union Project (CUP) first, implmented in Oromia region and then expanded to three other regions - Amhara, SNPPR, and Tigray. The program cost was for 5 years (September 1999- September 2004); it was operating until 31 December 2005. The goal of the program was to improve the agricultural market efficiency through the development and promotion of modern, business oriented agricultural cooperatives actively involved in input supply, output marketing, and credit. The program has expanded market-linkage activities with private sector businesses and international coffee buyers. ACE also encouraged cooperatives and unions to expand their core businesses and to diversify their activities into new products and services (consumer stores) and to establish savings and

credit cooperatives to support members own efforts at diversifying their family businesses and improving their family's food security and access to food from other sources of income.

(Jeff Dorsey and Tesfaye Assefa, 2005)

The agricultural Cooperative Ethiopia (ACE) program was also looked by *Veerakumaran in his research in 2007*, and the program has achieved its goal of establishing a system of savings and credit cooperatives where substantial member savings are collected and are available to finance a diversity of business ventures in the local economy. The number of SCCs has risen from three in 2000 with a total of 243 members to 100 in 2004 with 5,844 members. One union has been formed during 2005. Membership is broadening as some cooperatives incorporate people who are not members of the agricultural cooperative like teachers, traders; some SCCs have coin bank accounts for children. Membership needs to expand further and to become more inclusive of other members of the community. Total savings have reached birr 1.2 million and lending is just under birr 1 million. The transformation rates of savings into loans are large disparities between regions in Ethiopia. In Tigray, loans made are double the amount of savings, whereas in the Southern region less than 30% of savings are turned into loans. *Veerakumaran* indicated the Loan interest rates range widely between 7.5% and 24%, also he said 'there are more often closer to the lower than to the upper end of the range and in the South, attractive business opportunities in commerce are being missed due to conservative lending policies concentrating on farming to the exclusion of petty trade and livelihoods'. According to him the savings and credit cooperatives was influenced by other attractive business. But he did include not income factors, awareness factors or age/sex factors which might influence savings and credits in his studies. Accordingly, Staffing employment has suffered during periods of funds shortages and the lesser strength of savings and credit cooperatives compared to agricultural cooperatives is a reflection of insufficient resources for this component of the program. The

principal advisor for rural finance was under contract from the beginning of 2000 until the end of 2002 and was not replaced; therefore, the lack of overall guidance on savings and credit at precisely the time that SCCs were beginning to reach a significant number of people was unfortunate (*Veerakumaran, 2007 Mekele University*).

The African Development Bank has co-financed the Rural Financial Intermediation Program which represents a massive scaling up of the SCC movement established by the ACE program to create over 3000 SCCs and 80 unions, 30 and 80 times the number of SCCs and unions established by ACE over about the same amount of time. Risk is increased by a loan fund for intermediation to be managed by newly formed and untested unions. This rate of establishment of SCCs and unions is imprudent, and, given the lack of an unknown future of technical assistance, is potentially very dangerous putting prospective member's savings at risk. Potential problems would be mitigated if the ACE program continued to provide it experience and guidance on rural financial cooperatives.

2.2.4 Unintentional Impacts on cooperatives

The degree of success of the ACE program in helping farmers marketing a significant percentage of their own products is unprecedented in Ethiopia and vastly exceeded expectations. Complaints from private sector representatives reflect inroads into the profits of traders and some exporters accustomed to privileged access of their own to markets and finance see them now being eroded by stiff competition from cooperatives. ACE program impact on people's lives has also far exceeded initial expectations. Project documents said nothing about cooperatives installing electricity not only to the cooperative offices but also to homes of hundreds of members and dividends for a single member measured in the thousands of dollars. Positive improvements in family welfare as the result of ACE support

to agricultural cooperatives and SCCs was to be expected but has, in some cases, exceeded the wildest expectations when the program started.

Cooperative unions have become a force to be reckoned with in the marketplace in Ethiopia. The Consultants were told by union directors and management and Cooperative Commission and CPB directors that the need is there and the stage has been set for the establishment of product-specific federations in grains and coffee. These federations are not only the key to improved marketing on both the input and product sides but also to manage information and carry out advocacy on issues of urgency to cooperatives and to lobby for change policies which negatively impact rural people. Such consolidation of the small farmer cooperative movement has already occurred elsewhere in Africa with USAID support (ibid).

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1 Research design

In order to achieve the main research objectives a mixed methods approach (both quantitative and qualitative) is adopted. The purpose of using such a mixed methods approach was to gather data that could not be obtained by adopting a single. The idea of mixed approach methods is supported by different scholars by mentioning it's advantageous over using a single method.

A mixed methods approach is one in which the researcher tends to base knowledge claims on pragmatic grounds (e.g., consequence-oriented, problem-centered, and pluralistic). It employs strategies of inquiry that involve collecting data either simultaneously or sequentially to best understand research problem. The data collection also involves gathering both numeric information (e.g., on instruments) as well as text information (e.g., on interviews) so that the final database represents both quantitative and qualitative information (Creswell, 2003).

A basic description of a mixed methodology is simply that it is a methodology with methods that have comparisons between quantitative and qualitative data (Jones, 2004). Quantitative data is data in numerical form, often derived from questionnaires or structured interviews. Qualitative data is descriptive data from observation or unstructured interviews.

The separation of methodologies into quantitative and qualitative is a common distinction; the tendency has been to link quantitative methods with a natural science (positivist) and qualitative methods with a social science (interpretivist) (Mingers, 2001).

However, this simple distinction has caused much debate concerning its accuracy and validity. In the first place, the distinction can be argued to apply to the data rather than the methodology (Yin, 1989) and also that the underlying paradigms are incompatible. On this latter point, there is a view within social research that the two are equally informing (Bryman, 2001).

So, in this study the researcher was used survey research strategy, specifically cross sectional survey, so as to collect the required information from the respondents just once and provide a numeric description of trends, attitudes or opinions of those participants supposed to be studied. In addition, nonnumeric data are used in qualifying to support findings. The structured questionnaire was an important tool for managers to get the truth about their woks abilities in giving consultancy services and responsibilities, and also the questionnaire was important to respondents to give their fillings, opinions and judgments in the form of alternative choice.

3.2 Sampling

3.2.1 Sampling Techniques

Respondents were members of the saving and credit cooperatives. Their Selections were based on random sampling for selected saving and credit co-operative society (above, scope of the study) at North shewa zone and woredas- Amhara Region. Debre Birhan City and Seven woredas were purposely selected in such way that they have savings credit cooperatives which were established before five years. This was to include financial records' data, audit opinions, and management reports into study. In some cases ceased members were included as respondents to get reasonable factors or problems that hindered them not to

continue as a member. Purposive random sampling was used for respondents and managers of saving and credit cooperatives were asked without randomizing.

A total of sixteen saving and credit cooperatives(appendix) were included in this study, that was from six each woredas, two savings and credit cooperatives, from seventh woreda ,one savings and credit cooperatives and from DereBirhan City, three savings and credit cooperatives. To each cooperative questionnaire were proportionally distributed and randomly given to respondents. The rationale behind using random sampling techniques is that, each study unit will have an equal or non-zero chance of being selected (Creswell 3rd ed). 106 sample respondents from the members of savings and Credit, and all managers (Respondents) of savings and Credit cooperatives in North Shewa-Debre Birhan City and Seven Woredas were carefully included.

3.2.2 Sampling size

Sampling size is important because, in almost all cases, it is not practical to study all the members of a population (Vanderstoep, Johnston, 2009). In a population of several thousand a sample of a few hundred can be representative and (especially in self-completion surveys). Intended, sampling size was determined by taking sample that is small 'n' from the population that is capital 'N'. The population (N) were the total number of peoples who were registered as a member of savings and credit cooperatives in the North Shewa Zone-Amhara Region. There were 8,560 registered people (N) as June, 2002 in savings and credit cooperatives in the North Shewa Zone-Amhara Region.

Sample size was determined by using Hosking.SG and Preez.MD model as follows:

$$n = N / (1 + p * N) = 8560 / (1 + 0.0091) = 108$$

Where **N** is desired population

n: is sample size

P: is margin of error and which must be below 10%

(Hosking.SG and Preez.MD, 2003)

3.3 Data source, Collection, analysis and interpretation

3.3.1 Data source

The study used both primary and secondary sources of data. Firstly, Primary data were collected through structured questionnaire from members of money savings and credit co-operative and managers from selected saving and credit association or union and from co-operative society- North shewa zone and woredas. Because most of the owners (members) of saving and credit cooperatives in North Shewa and woredas are low level educators or farmers, so, Structured questionnaires were converted and interpreted in to local language – Amharric language. This was to make clarity to respondents and to avoid any confusion which would be resulted from not knowing of international (English) language.

Secondary data sources was less likely collected by means of document analysis from directive records, policies management's profit division annuals, and interim reports of saving and credit cooperatives about meeting calls , and each members capital balances,

3.3.2 Data collection methods

Closed ended questionnaire has more preferable rather than leaving open to decrease the rate of diverging respondents ideas (Dong Dasheng , 2002).

Thus in this study the researcher conducted the questionnaire to members (savers), and managers saving and credit association and union. Members (owners) of saving and credit association were the main respondent to factors influencing money savings in their association and they have known challenges and factors for saving money. Managers of cooperative associations were responsible persons or respondents to give information to the researcher for the credits and related factors which influence money lending and credit management. Managers of co-operative union were responsible respondents to give internal rules and regulation to the researcher whether the saving credit was ongoing in line with criterion.

As research incorporates rural areas, questionnaires were distributed and collected and managed by the researcher and three supportive data collectors. In addition to structured questions the researcher was going to use unstructured (open) questions to give chance to respondents that they could respond what they feel in their saving and credit cooperatives and observations and interviews were also used as a means of data collection. Thus the researcher assumed that Questionnaires and observations were the appropriate techniques (methods) to collect primary and secondary data from respondents, and records' reports were the major sources of data for this study.

3.3.3 Dependent and independent variables of factor considerations

Dependent variables in the study are the money saved (total money savings in savings and credit cooperatives) and money credit borrowed or lend by members of saving and credit cooperative associations, and members' trust towards cooperative associations. These depend on awareness and habits of members and associations which depends on orientations and policies of cooperative unions. whereas independent variables are awareness, policies (regulation, procedure, or requirement), income, education level ,age, sex, marital status, family size, work experience of cooperative association managers, recording and documentation or other environment (place, residence) factors that influence money savings and credit or trust of members (owners) in cooperative associations.

In this research, the researcher was trying to analyze the dependent variable in terms of independent variables. Thus measurement and quality of savings and credit by members of savings and credit cooperatives in the North Shewa- Debere Birhan City and seven woredas were the functions of the stated factors or variables. The dependent variables were explained in terms of independent variables or factors as one can see in the following relationships: Savings is a function of sex, age, marital status, family size, education level, income awareness, trust, and loan use plus error factors.

Ordinary Least Square (OLS) model: By using OLS model it was constructed as follows:

$$\text{AAS} = \beta_0 + \beta_1 \text{ consumption} + \beta_2 \text{age} + \beta_3 \text{marital status} + \beta_4 \text{ family size} + \beta_5 \text{education level} + \beta_6 \text{income} + \beta_7 \text{awareness} + \beta_8 \text{ trust} + \text{error factor } (\epsilon)$$

Where: AAS=Average annual savings,

β_0 = constant term

ϵ = acceptable error factor

To control variables:

1. *AAS= average annual savings is determined dividing total respondents savings amount from their account to their years of staying (to control time factor).*
2. *Profit is distributed to members to take aware (take home) from the savings and credit cooperatives, whenever there is excess than required for environment development (to control profit factor in the savings).*
3. *price change is assumed to be managed by consumption plane (consumption is as per price of the commodity), (to control price factor on savings)*
4. *savings are made intermesh monetary (money), not in terms of comity, stock or other physical or financial assets (to control market price)*
5. *in assumption, there is no difference in policy or rule in lower saving limit or upper saving limit for different levels of savings and credit users*

3.3.4 Methods of Data analysis

In order to analyze the data, both descriptive and inferential statistics were used. Tabulation, percentages etc. were used to analyze data which gathered from members of savings and credit cooperatives and its managers. On the other hand, inferential statistics were used to see the responding association between the dependent variable and the independent variables. Therefore the researcher analyzed the data obtained through structured Questionnaires, and observing directive or interim report documents. Observations were analyzed by sorting data type; encoding data, summarizing, and applying appropriate technique that was descriptive statistics such as frequency distribution, (mean, median, and mode), cross tabulation, variance and percentages. Findings' results was presented by using

tables, charts and graphs. In addition Results was analyzed by using data analyzing tools that was software package for social science (SPSS) and interpretations was on the basis of software's output. The research data were quantitative in most case as structured questionnaires were used and qualitative data were less likely used as interviews, open questions for respondents' feelings and like type of questions were used.

CHAPTER FOUR

DATA ANALYSIS, DISCUSSION AND INTERPRETATION

4.1 Framework of Data enquiries' Area and cooperative institutional structure:

4.1.1 Data enquiries area

North Shewa Zone is located in East South Amhara Region. Capital City of the Zone is Debre Birhan which is found 130 km faraway from Addis Ababa. Zone has 24 woredas. Two of them are city woredas and 22 are rural woredas. There are different cooperatives in North Shewa Zone where peoples are working voluntarily as member by using policies which are given by government. Cooperatives like savings and credit, consumption cooperative, farmer cooperatives, manufacturing cooperatives and others. Among different cooperatives savings and credit cooperatives are the study cooperatives in this paper. Saving and credit cooperatives in each woredas are lead by woredas cooperative agency and woredas cooperative agencies are lead by North Shewa Zone cooperative promotion office which under supervision of Amhara cooperative bureau.

4.1.2 Institutional structure of cooperatives

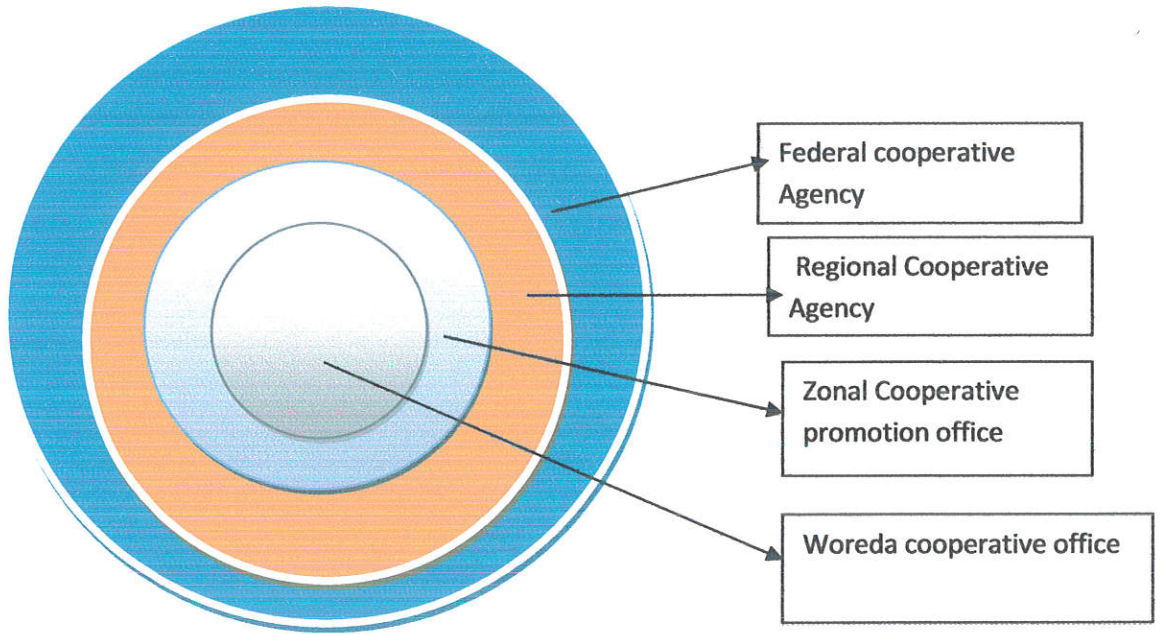


Fig 1: Legal structures of Cooperatives

Organizational structure of savings and credit cooperatives

Organizational structures of savings and credit cooperatives are in four main management areas which are collectively called committees

1. Main committees or executive committees: five up to seven main committees are selected and they are accountable to general members (owners) on their work and duty.
 - One chair man, one vice chairman, one secretary, one accountant, one cashier and two members. They responsible and accountable for members.
2. Controlling committees: these are three in number and they are accountable to members of savings and credit cooperatives.

- Sub chairman, one secretary and one member. they are accountable and responsible for members
3. credit committees: they are three in number and they are accountable to executive committees or main committees
- One sub chairman, one secretary and one member. they are responsible and accountable for Executive committees
4. education and training committees: they are three in number and they are accountable to executive committees or main committees
- One sub chair man, one secretary and one member. They are responsible and accountable for Executive committees

Organizational structure of Savings and Credit Committees

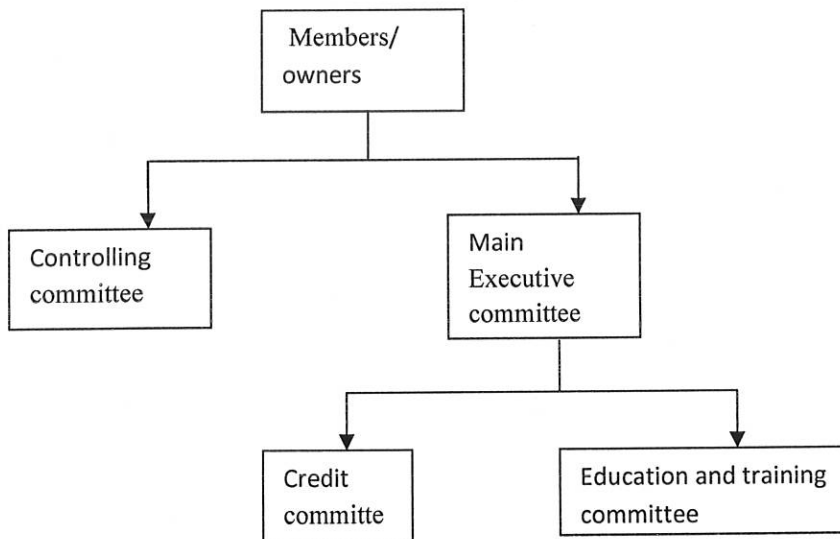


Fig2: Organizational structure of Savings and Credit

Formation of cooperatives

At the time of formation of savings and credit cooperatives, group members of 20 and above who are voluntary to form savings and credit cooperatives as per government policies and procedures are required to meet and submit the following requirements:

list of members name, address, regular work of members, monthly income of each members, profitability of the business, name of savings and credit cooperatives, executive committee, rules and regulations that guides savings and credit cooperatives, credit rule or policy, annual work plan, initial capital which is contributed by these voluntary members with saving bank account and all members signature that confirms that each member is voluntarily joined particular savings and credit cooperatives. Then, before two years ago, the fulfilled lists were approved by Amhara regional cooperative bureau, but currently it is approved by North Shewa Zone Cooperative promotion office. Savings are made by members and credits or loans are given to members (source: North Shewa Zone cooperative promotion office, administrative document)

4.2 Empirical Results

4.2.1 Factor identification in savings and credit cooperatives:

Saving and credit cooperatives are influenced by several factors as members of it are exposed to external or internal challenges of their livings. Even they form savings and credit cooperatives voluntarily and each member is voluntary to joined savings and credit cooperatives, it is difficult to continues as they think due to different factors or problem that enforce them to change their decisions regarding with savings , like increasing of family size, age, gap between income need, environmental condition or availability of cooperatives in different occupations; hesitating to their savings and credit cooperatives'

work , government policies or lack of awareness due to missing of training on cooperatives; education level; or capacity to compromise or substitute consumptions and others. These factors' impacts on members' savings are analyzed by using different descriptive and inferential statistics.

Factors relationship and its influence

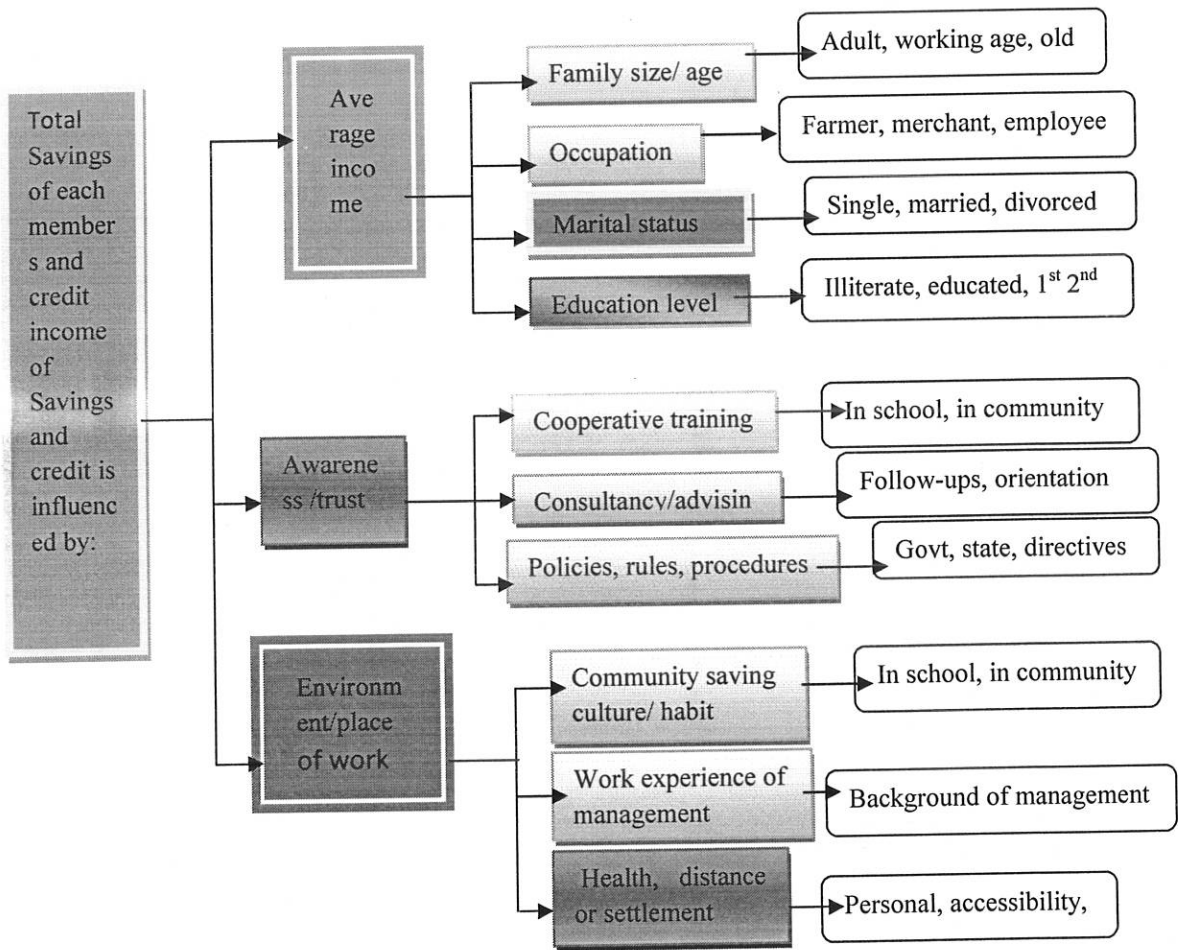


Fig3: Factor Relationship

4.2.2 Descriptive statistical analysis

In this chapter, researcher analyzed and discussed the data from the cross sectional survey in two ways: **descriptive** and **inferential** statistics analysis. In the descriptive analysis the categorical data were used, these are gender, marital status, education level, occupation, awareness, trust, and loan use. The researcher tried to see the categorical (low, medium, and high income) effect of the income on the average annual savings. Besides, an overview of the households' habits towards the savings in the city is discussed. In the Ordinary Least Square model, the researcher analyzed and discussed the ordinary data for income, age, and family size. Ranked given value were used for factors which have a categorical order rank value and that affect members' savings, and use of loans from their cooperatives. These are education level, marital status, consumption, awareness, and trust.

The descriptive statistical frequency distribution, percentage, and inferential statistical Chi-square and significance level of the respondents were showed on table1 at appendix. Chi-square was not used in descriptive or inferential statistics. From the descriptive statistics we can see that, the frequency distribution and its percentage of each categorical variable. The variables are categorical and it includes gender, education level, marital status, occupation, consumption, awareness, trust, loan use, and average savings. Theses the frequency distributions and its percentages of each variable factor on Average annual savings are analyzed with cross table statistics that shows response of dependent variable that is average annual savings with the effects of independent variables.

As previously stated, for this study (in methodology part), a total of 106 sampled members were questioned. A summary of surveyed members of savings and credit cooperatives' data is given in Table1 at appendix. When we see gender, of the surveyed members 51 (48.1%) were male respondents, while 55 (51.9%) were females. When we see education level, from

the total of 106 samples 20 (18.9%) are illiterate; 9(8.5%) are primary (from grade 1 to 8); 19(17.9%) are secondary (from grade 9 to 12); 37(34.9%) are diploma; 21(19.8) are degree and above. From 106 respondents, the marital status of the respondents is distributed as: 28 (26.4%) are single; 20(18.9%) are divorced; 9(8.5%) are widowed; 49(46.2) are married.

From 106 respondents, 25(23.6%) respondents are farmers; 18(17%) are merchants; 59(55.7%) are employees of formal governmental institutions; 2(1.9%) are retired, and 2(1.9%) are others (who depend foreign renitence). Of 106 surveyed respondents, 80(75.5%) respondents are orthodoxies; 12(11.3%) are Muslims; 12(11.3%) are protestants; 2(1.9%) are others. the religion effect on savings are not discussed because of the area that is mostly occupied by orthodox. Of 106 respondents, 25(23.6%) are using not programmed consumptions, 51(48.1%) are using semi-programmed consumptions, and 30(28.3) are using programmed consumptions.

Awareness of respondents about savings, lows, policies and procedures are judged and categorized as: 24(22.6%) have poor awareness; 37(34.9%) respondents have satisfactory awareness; 38(35.8) respondents have good awareness, and 7(6.6%) respondents have a very good awareness. Trust of the respondents (members of savings and credit cooperatives) are judged and categorized in to different as: 23(21.7%) respondents have a poor trust towards the savings and credit cooperatives; 23(21.7%) respondents have satisfactory trust towards savings and credit cooperatives; 49(46.2%) respondents have a good trust, and 11(10.4%) respondents have a very good trust to their savings and credit cooperatives.

From the loan use aspect, 39(36.8 %) respondents were not using loan until the date of the responses, and 67(63.2%) of respondents were using the loan. The logic behind the respondents' frequency distributions in savings is analyzed by using the multi-responses cross tabulations in the following discussions. After having average monthly income and

average annual savings categories, the respondents who are found in different three categories (low, medium and high) of average monthly income are in the different three average annual savings. From 106 respondents, 39(36.8%) of respondents are in the low average monthly income category, 45(42.5%) are in the medium average monthly income category, 22(20.8) are in the high average monthly income category.

Form 106 respondents, 20(18.8%) respondents are in the low average annual saving category, 35(33%) are in the medium average annual saving category, and 51(41.8%) are in the high average savings category. The descriptive analytical effect of different income categories on average savings are not analyzed in the following discussions. But the effects of income, age, and family size on savings are analyzed in the regression discussion part with other nominal (non-categorized) and assigned value data to see its influence on savings.

Responses of respondents in savings categories: by cross tabulation

In this paper, Average annual Savings and incomes of respondents was categorized in to three different classes, for factor analyzing purpose that is low saving and income category, medium saving and income category, and high saving and income category. This was to categorize the average regular monthly incomes and to categorize the average annual savings of the respondents.

The cutting (splitting) point for income category was birr 1,000, birr 2,000, and birr 3,000. Respondents who have average monthly income up to birr1,000 was categorized as low income category, respondents who have average monthly income above birr 1,000 up to birr 2,000 was categorized as medium income category, and respondents who have average monthly income above birr 2,000 was categorized as high income category. For average annual savings, respondents who did save on average up to birr 250 in a year in his or her account in cooperatives were categorized as low savings categories. Those who did save on

average above birr 250 up to birr 500 in a year were categorized as a medium saving categories and those who did save on average above birr 500 were categorized as a high saving categories.

These categories (average annual savings) were used to control time factors (effects) from nominal total savings in member's saving account. In the total savings, there is a time factor, that is those who stayed a long years accumulate (save) more than those who stayed a short years. The total savings does not show whether one member is in low savings category or in medium savings category or in high savings category because of the time of staying in the cooperatives as a member. The average annual savings were calculated by dividing the total savings by the time of years in which member is stayed in cooperative.

These categorizing also show how many of respondents in different income category class are found in different saving category class and to suggest why the low, medium or high income category respondents are found differently in the low, medium or high savings category. Other factors: - gender, education level, marital status, consumption, occupation, awareness, trust and loan use was used to identify how many of each variable's factors are influencing negatively otherwise positively the savings of members of savings and credit cooperatives. The above each categorical variable's effects on average annual savings (AAS) in category are analyzed and discussed by using descriptive statistics with cross tabulation as we can see in the next.

Gender

As it is discussed from the above by referring table1appendix, we can see that the 51 respondents are male which constitute 48.1 percent of the total respondents and 55 respondents are females that constitute 51.9 percent of the total respondents. The sample

distribution is equally likely including the male and female respondents even the female respondents are more than male by 4 or 3.8%. The sex factor on savings was analyzed based on the respondents' responses. This was to see that whether being male or female influence the savings in savings and credit cooperatives. The responses of respondents on gender variables were seen by using cross tabulation of SPSS which are shown as follows:

Table 1: Gender responses on average annual Savings (in category):- cross tabulation

			saving category			Total
			low saving	medium saving	high saving	
Gender	Male	Count	11	15	25	51
		% within \$gender	21.6%	29.4%	49.0%	
		% within savings category	55.0%	42.9%	49.0%	
		% of Total	10.4%	14.2%	23.6%	48.1%
Gender	Female	Count	9	20	26	55
		% within \$gender	16.4%	36.4%	47.3%	
		% within savings category	45.0%	57.1%	51.0%	
		% of Total	8.5%	18.9%	24.5%	51.9%
Total		Count	20	35	51	106
		% of Total	18.9%	33.0%	48.1%	100.0%

Source: computed from survey data, 2011

From the above table1, we can see that out of 51 male respondents; 11(11/51= 21.6%) of the male respondents are in low average annual savings categories, 15(15/51= 29.4%) of male respondents are in medium average annual saving categories, 25(25/51= 49%) of male respondents are in high average annual savings categories. From this frequency distribution percentage, we can say the majority (25 or 49%) of male members (users) in the savings and credit cooperatives are in the high average savings.

From 55 female respondents; (in the same way as male for calculating percentage), 9(16.4%) female respondents are in low average annual savings category; 20 or 36.4% are in

medium average annual savings category and 26 or 47.3 % are in high average annual savings category. From this frequency distribution percentage, we can say, the great (26 or 47.3%) female respondents are in the high average annual savings. The gender effect on savings are likely the same but being male is in the low average annual savings than female that is 9(16.4%) female are in the low savings whereas 11(21.6%) males are in the low savings. so, being male in the low saving is greater than being females by 5.2 % (21.6%-16.4%). In the medium savings, there is an increase in percentage for females than males by 7 % (20 or 36.4%-15or29.4%). This showed us; relatively females are using savings than males. Totally, being male or female is not a critical factor for savings. To visualize this (gender effect) on savings are represented by the following graph.

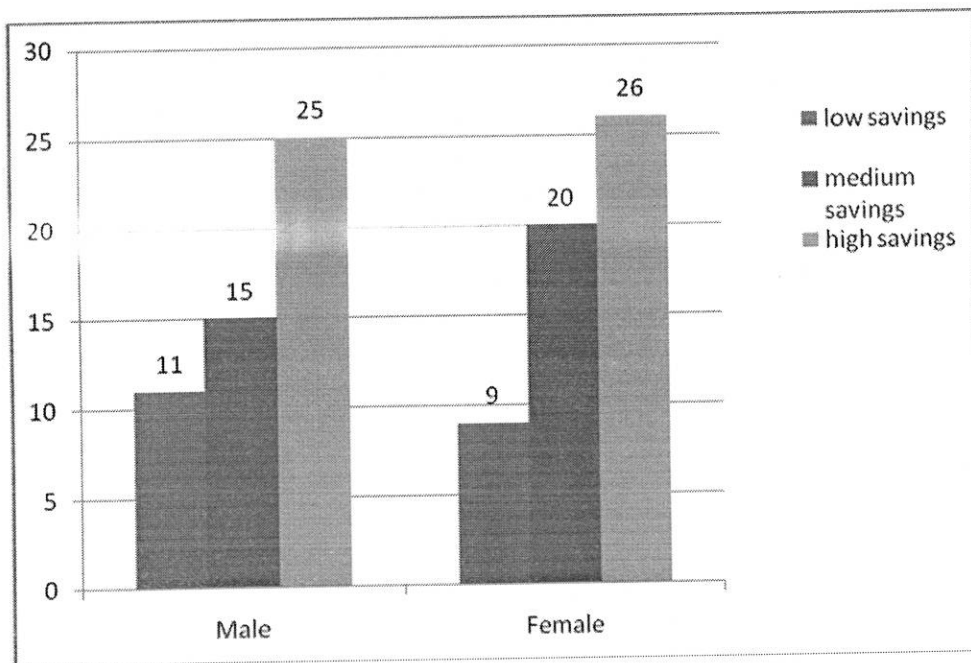


Figure 4: Gender distribution in different categories of average annual savings

The above Fig4 shows the proportional gender frequency distribution in different savings categories. Means there are relatively similar distribution for both male and female in the three different savings that are in low savings, in medium savings and in high savings. So,

the graph visualization supports the above conclusion that says the gender is not a basic factor to influence the savings which made by members (owners) of savings and credit cooperatives.

Marital status

From the above discussion (refer table 1 appendix), we can see that 28(28/106=26.4%) of the respondents are single or not yet married. 20(20/106=18.9 %) of the respondents are divorced or separated from their marriage partner. 9(9/106=8.5%) of the respondents are widowed mean they lost their marriage partner by death. Whether single, divorced or widowed they are non couple. 49(49/106=46.2 %) of respondents are married. The impact of marital status on consumption is different from one marital status to another. For example single may use programmed consumption or not, divorced may use better programmed consumption than single and soon. widowed are more programmed in their consumption that that of single and divorced but may be less programmed than married in the assumption that married people are using co-advising of each other for their consumption and can be aware of the use of the savings and credits.

Marital status influences savings by affecting needs of consumption or feeding or living manner. This sample can show us how the marital status affects the savings and credits of cooperative members. Whether each marital status is a factor for savings that affects it negatively or positively, we can see its effect on savings and credit based on their responses on average savings in category by using descriptive statistics. The marital status with ordinary average annual savings is also shown by using inferential statistics' analysis. The following table 2 summarizes the effects of marital status on average savings in the form of frequency distribution percentage.

Table 2: Marital status effect on average annual savings (in categories):-cross tabulation

			saving category			Total
			low saving	medium saving	high saving	
marital status	single	Count	9	13	6	28
		% within Smarital status	32.1%	46.4%	21.4%	
		% within savings category	45.0%	37.1%	11.8%	
		% of Total	8.5%	12.3%	5.7%	26.4%
	Divorced	Count	8	3	9	20
		%within marital status	40.0%	15.0%	45.0%	
		%within savings category	40.0%	8.6%	17.6%	
		% of Total	7.5%	2.8%	8.5%	18.9%
	Widowed	Count	2	5	2	9
		% within Smarital status	22.2%	55.6%	22.2%	
		%within savings category	10.0%	14.3%	3.9%	
		% of Total	1.9%	4.7%	1.9%	8.5%
Married	Count	1	14	34	49	
	% within Smarital status	2.0%	28.6%	69.4%		
	%within savings category	5.0%	40.0%	66.7%		
	% of Total	.9%	13.2%	32.1%	46.2%	
Total	Count	20	35	51	106	
	% of Total	18.9%	33.0%	48.1%	100.0%	

Source: computed from survey data, 2011

From the above table2, we can see that from the total of 28 single respondents, 9 or 32.1% respondents are found in low average annual savings category; 13 or 46.4% respondents are found in medium average annual savings category, and 6 or 21.4 % respondents are found in high average annual savings category. From this we can say, a significant (32.1% in low savings) of single people are not effectively making their savings. This may be the reason the single members are influenced by external factors than married one. From high savings category, there are 21.4% single people which are less than that of low savings.

From 20 divorced respondents, 8(40%) respondents are found in low average annual saving category, 3(15%) respondents are found in the medium average annual savings category and 9(45%) respondents are found in the high average annual saving category. From 9 widowed

respondents, 2 (22.2%) are found the low average annual savings category; 5(55.6%) respondents are found in the medium average annual savings category; and 2(22.2%) are found in the high average annual savings category. From 49 married respondents, only one (2.0%) respondent is found in the low average annual savings category; 14(28.6%) respondents are found in the medium average annual saving category; 34(69.4%) respondents are found in the high average annual savings category. This shows that married people are most effectively using savings than non-married people. This may be the reason that married people are using decision or co-advising than non married.

Based on above discussion, we can say that non married people are not using savings as much as married people. From single non-married only 21.4% are found in the high average annual savings category by leaving 32.1% in the low average annual savings category and 46.4% are found in the medium average annual saving category; from divorced 45% are found in the high saving category and from widowed only 22.2% are found in the high average annual savings category. By having the above descriptive statistics we can say that married people are using savings than non married people, because 69.4% of them were found in the high average annual savings remaining 28.6% were found in the medium average annual savings but only 2% (only one respondent) was found in the low average annual savings. Graphically the marital statuses as a factor for savings are presented below in figure5.

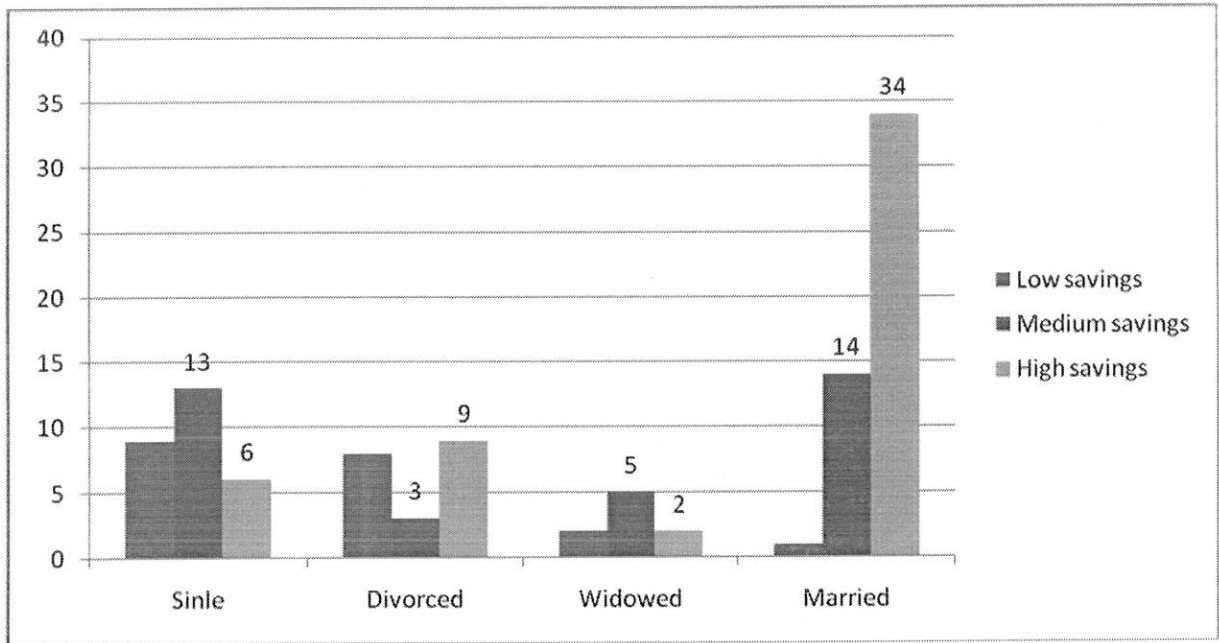


Figure5. Marital status in different average annual savings categories

The graph indicates that the marital effect (being married, or being non-married) on each member's savings in the savings and credit cooperatives and we conclude that the married members are more using savings than non-married members. So, the managers of the savings and credit cooperatives shall provide further advising or consulting service to those non married peoples

Education Level

From the above frequency distribution (by referring table1 appendix), we tried to indicate you the education level effect on the savings. From a total of 106 respondents, we can see that 20 respondents are illiterate which constitute 18.9% the total respondents. 9 or 8.5% respondents have primary education level. 19 or 17.9% respondents have secondary education level. 37 or 34.9% respondents have diploma level, and 21 or 19.8% respondents are degree and above. These sample distribution includes respondents at different education level. Education as a factor on savings and credit are statistically discussed and analyzed by using descriptive cross tabulation multi-responses as showed under here.

Table 3: Education level effect on average annual savings: - cross tabulation

			saving category			Total
			low savings	medium savings	high savings	
Education level	illiterate	Count	3	9	8	20
		% within education level	15.0%	45.0%	40.0%	
		% within saving category	15.0%	25.7%	15.7%	
		% of Total	2.8%	8.5%	7.5%	18.9%
	primary education	Count	1	2	6	9
		% within education level	11.1%	22.2%	66.7%	
		% within saving category	5.0%	5.7%	11.8%	
		% of Total	.9%	1.9%	5.7%	8.5%
	secondary education	Count	3	5	11	19
		% within education level	15.8%	26.3%	57.9%	
		% within saving category	15.0%	14.3%	21.6%	
		% of Total	2.8%	4.7%	10.4%	17.9%
diploma	Count	9	11	17	37	
	% within education level	24.3%	29.7%	45.9%		
	% within saving category	45.0%	31.4%	33.3%		
	% of Total	8.5%	10.4%	16.0%	34.9%	
degree above	Count	4	8	9	21	
	% within education level	19.0%	38.1%	42.9%		
	% within saving category	20.0%	22.9%	17.6%		
	% of Total	3.8%	7.5%	8.5%	19.8%	
Total	Count	20	35	51	106	
	% of Total	18.9%	33.0%	48.1%	100.0%	

Source: computed from survey data

From the above table3, we can see that, from 20 illiterate, 3(15%) are in the low average annual savings; 9(45%) are in the medium average annual savings, and 8 (40%) are in the high average annual savings. This shows that most of illiterate people are in the medium (45%) and high (40%) average annual savings. From 9 primary respondents, 1(11.1%) is in the low average annual savings; 2(22.2%) are in the medium average annual savings and

6(66.7%) are in the high average annual savings. This shows most (66.7%) of peoples with primary education level have high savings category. From 19 secondary educated level respondents, 3(15.8%) are in the low average annual savings category, 5(26.3%) are in the medium average annual savings category, and 11 (57.9%) are in the high average annual savings category. Here we can see peoples with secondary education level are using savings the same as illiterate or secondary.

From 37 diploma level respondents, 9(24.3%) are in the low average annual savings, 11(29.7%) are in the medium average annual savings, and 17(45.9%) are in the high average annual savings category. This indicates that there is no basic difference between illiterate, primary, secondary and diploma in influencing savings. From 21 degree and above respondents, 4(19%) are in the low average annual savings, 8(38.1%) are in the medium average annual savings, 9(42.9%) are in the high average annual savings. From the forgoing we can see that as education level increases the percentage of respondents in the high savings decreases. In the high saving illiterate are 40%, but secondary are 57.9%, diploma are 45.9% and degree and above are 42.9%. So, there is decreasing percentage from secondary education level to degree and above.

From the total of 20 respondents, with low savings category, 4(20%) are from degree and above, 9(45%) are from diploma, 3(15%) are from secondary, 1(5%) is from primary and 3(15%) are from illiterate. This indicates, as education level increases, the birr amount in the savings decreases, this may be the reason that as education increases the need of the consumption increases that influence the savings.

Therefore, based on the above discussion, we can conclude that the theoretical assumption that supports the positive relationship between education level and savings are not truly argued, instead, illiterate or those who have primary or secondary education level are

relatively effectively using the savings. The following Figure6 shows us the educational level effects distribution on savings.

savings: at different level of education:

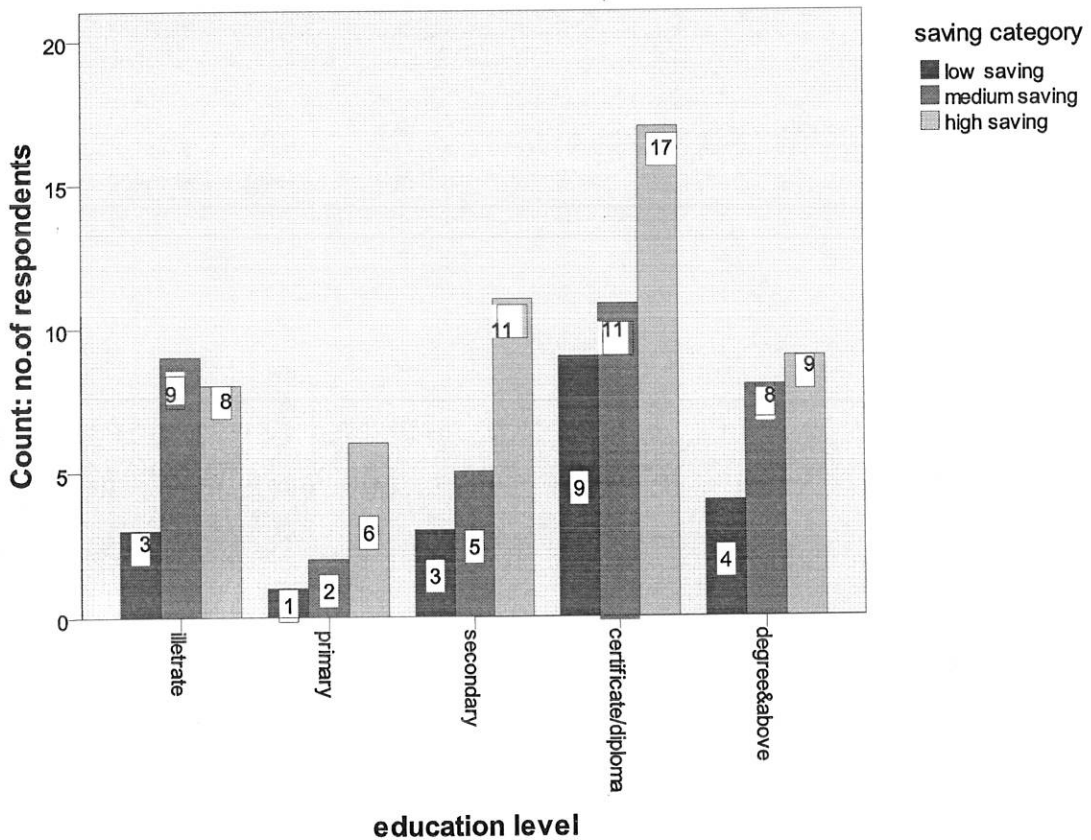


Fig6. Education and saving

The above figure6 shows different educational level effect on savings and it highlights the educational level as factor for savings of members (owners) of savings and credit cooperatives. Based on the above ongoing discussions, we can say the education level is not a crucial factor that affects savings in savings and credit cooperatives. Instead increasing of

education level brings not using of savings and credits in the savings and credit cooperatives.

Occupations

Respondents of this research are farmers, merchants, government or private institutions' employees, retired and others like dependents on foreign living families. Foreign living dependents do not have regular or major job occupation instead they receive money (remittance) from their relative of family who are living in other county or out of Ethiopia and they consume or use it. From the below occupation table4, there are 25 or 23.6 percent of farmers, 18 or 17 percent of Merchants, 59 or 55.7(59/106) percent of government or private employees, 2 or 1.9 percent of retired and 2 or 1.9 percent of others. Job occupations are a work fields to the members of savings and credit cooperatives that create opportunity to use savings and credit or that eliminate the opportunity to use savings and credit. Even each of them gives different capacities to members and influences them whether positively or negatively.

Table 4: Occupation effect on average annual savings: - cross tabulation

		saving category			Total
		low saving	medium saving	high saving	
Occupation	Farmer	4	10	11	25
	Merchant	1	5	12	18
	Employee	14	18	27	59
	Retired	0	1	1	2
	Other	1	1	0	2
Total		20	35	51	106

Source: Own survey data 2011

From the above table 4, we can see that, from the total 106 respondents, 25 are farmers, 18 are merchants, 59 are employees, 2 are retired, and 2 are others. Employees in this aspect

included only those who were working as an employment in the governmental or private institutions. Others include only those who did not have regular work to generate income but who depending on foreign family's remittance. From 25 farmers, 4(16%) are in the low average annual savings category, 10(40%) are in the medium average annual saving category, 11(44%) were in the high average annual saving category.

From non farmers, when we see 18 merchants respondents, 1(5.6) % is in the low average annual savings category, 5(27.8%) are in the medium average annual savings category, 12(66.7) are in the high average annual savings category. From 59 employees, 14 (23.7%) are in the low average annual savings category, 18(30.5%) are in the medium average annual savings category, 27(45.8) are in the high average savings category. Retired and other respondents were small in number that are two in occupation and we cannot conclude them whether their occupation influence their savings or not. From forgoing percentage result, we can conclude that the occupation does not influence savings significantly. The availability or access of savings and credit cooperatives may affect the savings.

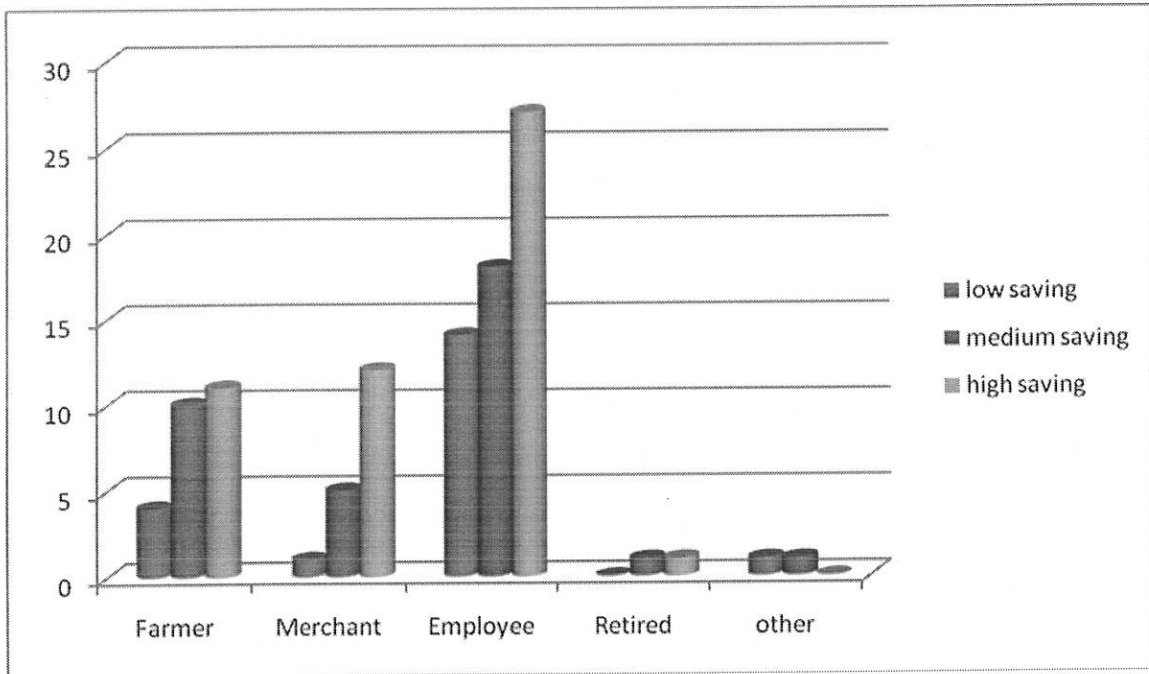


Fig7. Savings in different Occupations

The above figure7 shows the occupation effete of the members of savings and credit cooperatives on their savings.

Consumptions

Consumptions are determinant to influence or affect the savings of the members of savings and credit cooperatives. Some peoples are programmed on their consumptions; others may not use a programme on their daily or monthly consumption and sometimes may use a programme or leave on other time. Whatever is the case, those peoples in different consumption levels or events can display different ability of savings. The following table5 shows the respondents result by using multi-response cross tabulation of their consumptions on savings.

Table 5: Consumption effect estimation on average annual savings (in category): cross tabulation

		Savings category			Total
		low saving	medium saving	high saving	
Consumption Programmed	Count	0	7	23	30
	% within consumption*	.0%	23.3%	76.7%	
	% within savings category*	.0%	20.0%	45.1%	
	% of Total	.0%	6.6%	21.7%	28.3%
semi programmed	Count	5	19	27	51
	% within consumption*	9.8%	37.3%	52.9%	
	% within savings category*	25.0%	54.3%	52.9%	
	% of Total	4.7%	17.9%	25.5%	48.1%
non-programmed	Count	15	9	1	25
	% within consumption*	60.0%	36.0%	4.0%	
	% within savings category*	75.0%	25.7%	2.0%	
	% of Total	14.2%	8.5%	.9%	23.6%
Total	Count	20	35	51	106
	% of Total	18.9%	33.0%	48.1%	100.0%

*Percentages and totals are based on respondents.

Source: computed from survey data 2011

From the above table, from the total of 30 programmed consumption users, we can see that the 0 (0%) respondents is in the low saving category, 7(23.3%) respondents are found in the medium saving category, 23(76.7%) respondents are found in the high saving category. In this aspect we can say that most programmed consumption users (76.7%) are found in the high average annual savings category. In addition to this from the total of 51 respondents who were categorized under the high average annual savings category, 23 (45.1 %) respondents are found in the programmed consumption users. From 51 semi-programmed respondents, 5(9.8%) respondents are found in the low average annual savings, 19(37.3%) respondents are found in the medium average annual savings, 27(52.9%) respondents are found in the high average annual saving category. From 25 non programmed consumption users, 15(60%) are in the low average annual savings, 9(36%) are in the medium average

annual savings, and only 1(4%) is in the high average annual savings. So, we can see most 60% non programmed consumption users are in the low average annual savings.

From this above discussion, we can conclude that most of non programmed consumption users are in the low average savings and are not using savings; a majority of semi-programmed consumption users using savings and almost all of programmed are practicing savings. Thus, one can construct a conclusion that the consumption level highly influences savings which are made by the members of savings and credit cooperatives.

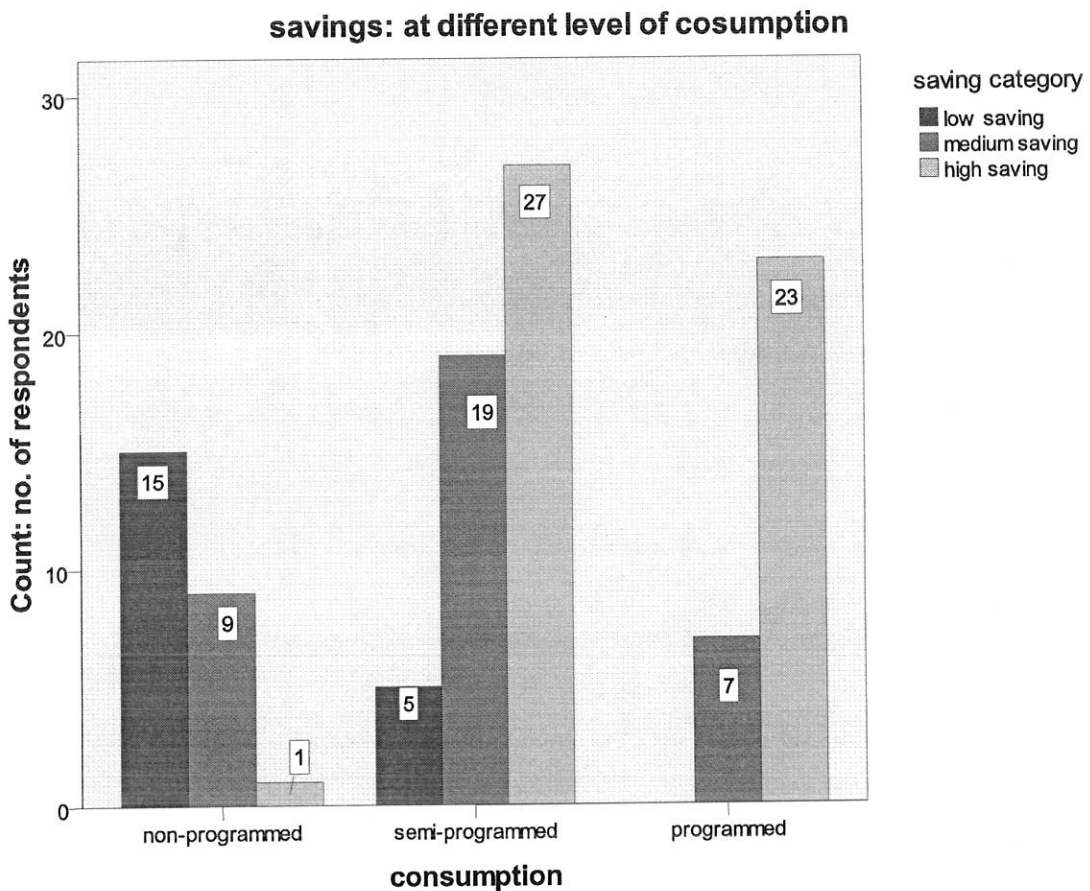


Fig8. Consumption as a factor for savings

From the above graph Fig8, one can easily understand that the consumption effect on savings is a significant and as one become a programmed; he or she becomes a capable user

in savings. This supports the above table 5 discussion conclusion and managements shall give emphases to consult using of consumptions by savings and credit users.

Awareness

Awareness of the users were analyzed by using cross tabulation statistics and its effect on members (owners) of savings and credit cooperatives are interpreted based on percentages in the different average annual savings as discussed based on in the following table6.

Table 6: Awareness effect on average annual savings (in category): cross tabulation

		saving category			Total
		low saving	medium saving	high saving	
awareness	Poor count	16	8	0	24
	% within awareness	66.7%	33.3%	0%	
	% within savings category	80.0%	22.9%	0.0%	
	% of total	15.1%	75.5%	0.0%	22.6%
	Satisfactory count	3	23	11	37
	% within awareness	8.1%	62.2%	29.7%	
	% within savings category	15%	65.7%	21.6%	
	% of total	2.8%	21.7%	10.4%	34.9%
	Good count	1	4	33	38
	% Within awareness	2.6%	10.5%	86.8%	
	% within savings category	5.0%	11.4%	64.7%	
	% of total	0.9%	3.8%	31.1%	35.8%
very good count	0	0	7	7	
% within awareness	0.0%	0.0%	100.0%		
% within savings category	0.0%	0.0%	13.7%		
% of total	0.0%	0.0%	6.6%	6.6%	
Total respondents		20	35	51	106
% total		18.9%	33.0%	48.1%	100.0%

Source: computed from survey data 2011

From the above table6, from the total of 106 respondents, the frequency distribution showed that 24(22.6%) respondents are in the poor awareness, 37(34.9%) respondents are in the satisfactory awareness, 38(35.8%) respondents are in the good awareness, and 7(6.6%) respondents are in the very good awareness.

From above descriptive statistics of crosstab table6 of 24 respondents who were under categorized in poor awareness, we can see that the 16(66.7%) are found in the low average annual savings category, and 8(33.3%) respondents are found in the medium average annual savings category, but respondents in the high category are 0(0%). This showed that most people who were poorly aware of the savings in cooperatives are not using savings. From the descriptive statistics of crosstab table6, for these 37 respondents who have satisfactory awareness, it is indicated that the 3(8.1%) respondents are found in the low average annual savings category, 23(23%) respondents are found in the medium average annual savings category and 11(29.7%) are found in the high average annual saving category. This showed that most people or 23(62.2%) of respondents with satisfactory awareness are found in the medium saving category than those who have poor awareness who are mostly in the low average annual savings.

From 38(35.8%) respondents who have good awareness, 1(2.6%), are found in the low average annual savings; 4(10.5%) are found in the medium average annual savings and 33(86.8%) are found in the high average annual savings. This indicates that most respondents (33 or 86.8%) who have a good awareness are using savings than those who have satisfactory awareness that are mostly in medium average annual savings. All of the respondents who are in the very good awareness are in the high average annual savings.

Therefore from the above discussion, we can see that the awareness effect on the savings in such a way that as awareness of the users of savings and credit cooperatives increases, the savings in the users account in the cooperatives increases and that supports the increasing of the total cooperatives resources to bring the wealth in the community and country' gross domestic product (GDP). So we can conclude that awareness is a basic factor that affects savings in the savings and credit cooperatives. The following graph (Fig9) encourages the

above discussion by visualizing the respondents' awareness in terms of average annual savings.

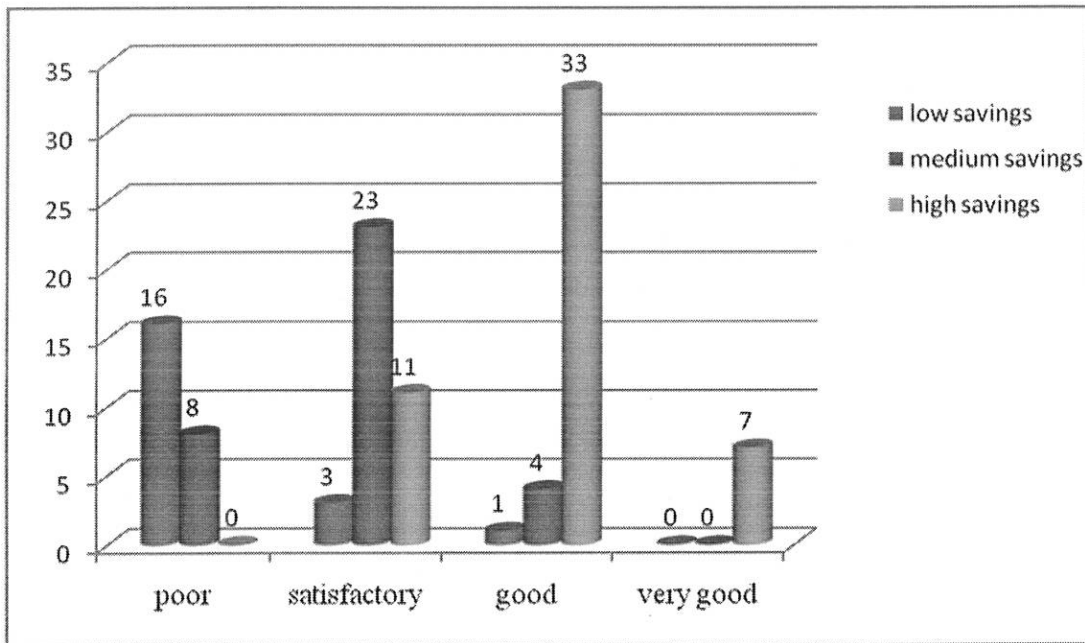


Fig9. Average annual savings in categories in different Awareness

The above graph indicates that how the savings (in category) is look like in different awareness and how awareness affects savings. Respondent in number in different average annual savings are showed at the top of the bar (chart) and it indicates the relationship between awareness and savings in the savings and credit cooperatives. The graph shows that the awareness of the people about the use of savings, policies, lows and procedures in cooperatives are a basic factors that influences savings which can have an economic and wealth full development for peoples as well as countries. So, the mangers or responsible bodies shall provide awareness creating and developing services to peoples of savings and credit users.

Trust

The peoples trust towards their savings and credit cooperatives and policies whether it affects savings or not are discussed by using frequency cross tabulation statistics. The relationships and its effects are analyzed in terms of the percentage in tables based on respondents and are showed in terms of graph as we can see from the following.

Table 7: Trust effect on Average annual savings (in category):- cross tabulation

	saving category			Total
	low savings	medium savings	high savings	
trust towards cooperatives				
Poor count	15	8	0	23
% within trust	65.2%	34.8%	0%	
% within savings category	75.0%	22.9%	0.0%	
% of total	14.2%	7.5%	0.0%	21.7%
Satisfactory count	2	16	5	23
% within trust	8.7%	69.6%	21.7%	
% within savings category	10%	45.7%	9.8%	
% of total	1.9%	15.1%	4.7%	21.7%
Good count	3	11	35	49
% within trust	6.1%	22.4%	71.4%	
% within savings category	15.0%	31.4%	68.6%	
% of total	2.8%	10.4%	33.0%	46.2%
very good count	0	0	11	11
% within trust	0.0%	0.0%	100.0%	
% within savings category	0.0%	0.0%	21.6%	
% of total	0.0%	0.0%	10.4%	10.4%
Total	20	35	51	106
% within total	18.9%	33.0%	48.1%	100.0%
				%

Source: computed from survey data 2011

From the above table7, from the total of 106 respondents, we can see that, respondents who are in the poor trust were 23(21.7%); respondents in the satisfactory trust are 23(21.7%); respondents in the good trust are 49(46.2%), and respondents in the very good trust are 11(10.4%).

From 23 (21.7%), respondents who have poor trust, 15(15/23=65.2%) respondents are found in the low average annual savings category; 8(8/23=34.8%) are found in the medium

average annual savings category, and 0(0%) are in the high average annual savings category. This indicates that most (65.2%) of respondents with poor trust are in the low average annual savings and there is no respondent in the high average annual savings with his or her poor trust towards their cooperatives, policies, and procedures. Based on this, we conclude that the trust is a significant factor for savings. As the member's trust towards to their savings increases, the savings in the members' savings account in the savings and credit cooperatives increases.

From above table7, we said, from the total of 106 respondents, 23(21.7%) were found in the satisfactory trust. Of which 2(8.7%) are in the low average annual savings, 16(69.6%) are the medium average annual savings and 5(21.7%) are in the high average annual savings. This indicates that a great number 16(69.6%) of respondents who have satisfactory trust towards their savings and credit cooperatives are in the medium average annual savings than those who are with poor trust.

From 49(46.2%) respondents who have good trust, 3(6.1%) are in the low average annual savings, 11(22.4%) are in the medium average annual savings, and 35(71.4%) are in the high average annual savings. The majority (71.4%) respondents are in the high average annual savings; so, this indicates that, as respondents' or people' trust increases from satisfactory to good, savings which are made by members' increases.

Of the 11($11/106=10.4\%$) respondents who are in the very good trust, all or ($11/11=100\%$) are in the high average annual savings. The discussion showed us, the trust is a basic factor for the savings and when one's trust on his or her cooperatives increases to develop his/her confidence, the savings increases. Therefore the managements of the savings and credit cooperatives shall provide its operational services so as to increases the users trust to effectively attain the goal of the cooperatives and to encourage the accumulation of the wealth by savings and credit cooperatives users.

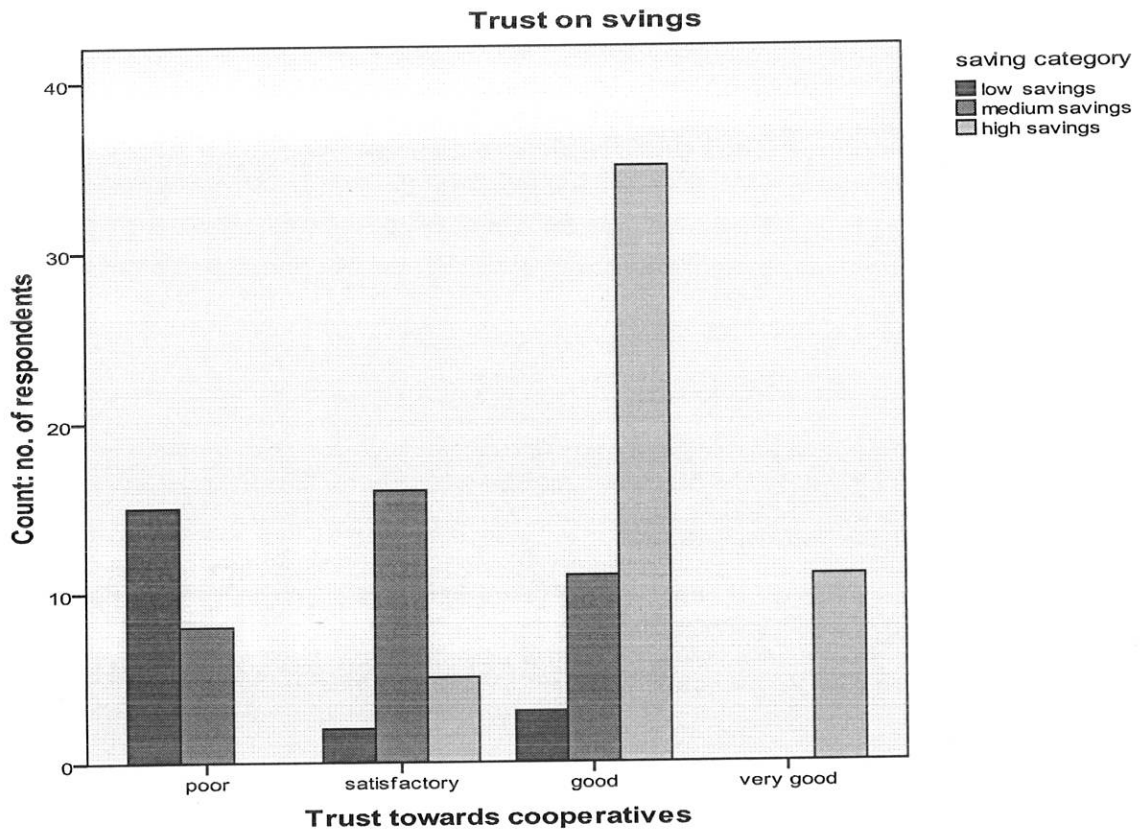


Fig10. Trust in different savings categories

The above graph shows the trust effect on cooperative societies' savings and shows the average savings distribution in responses of different trust believes in the savings and credit cooperatives

Loan use

Loan from savings and credit cooperatives were allowed only after the members have some amount of birr which is accumulated in their savings account of savings and credit cooperatives as grand for collateral to give to those who are going to request and take the loan. The amount of loan that is given to is two or three times of the savings accumulated balance as the rules and regulations of the particular savings and credit cooperatives but the loan use is a factor that initiates the savings. The followings table8 summarizes the loan use effect on the average annual savings.

Table 8: Loan Use effect estimation on average annual savings (in category):-cross tabulation

		saving category			Total
		low savings	medium savings	high savings	
loan use	No	17	18	4	39
	% within loan use	43.6%	46.2%	10.3	
	% within savings category	85%	51.4%	7.8%	
	% of total	16.0%	17%	3.8%	36.8%
Yes		3	17	47	67
	% within loan use	4.5%	25.4%	70.1%	
	% within savings category	15%	48.6%	92.2%	
	% of total	2.8%	16.0%	44.3%	63.2%
Total		20	35	51	106

Source: computed from survey data 2011

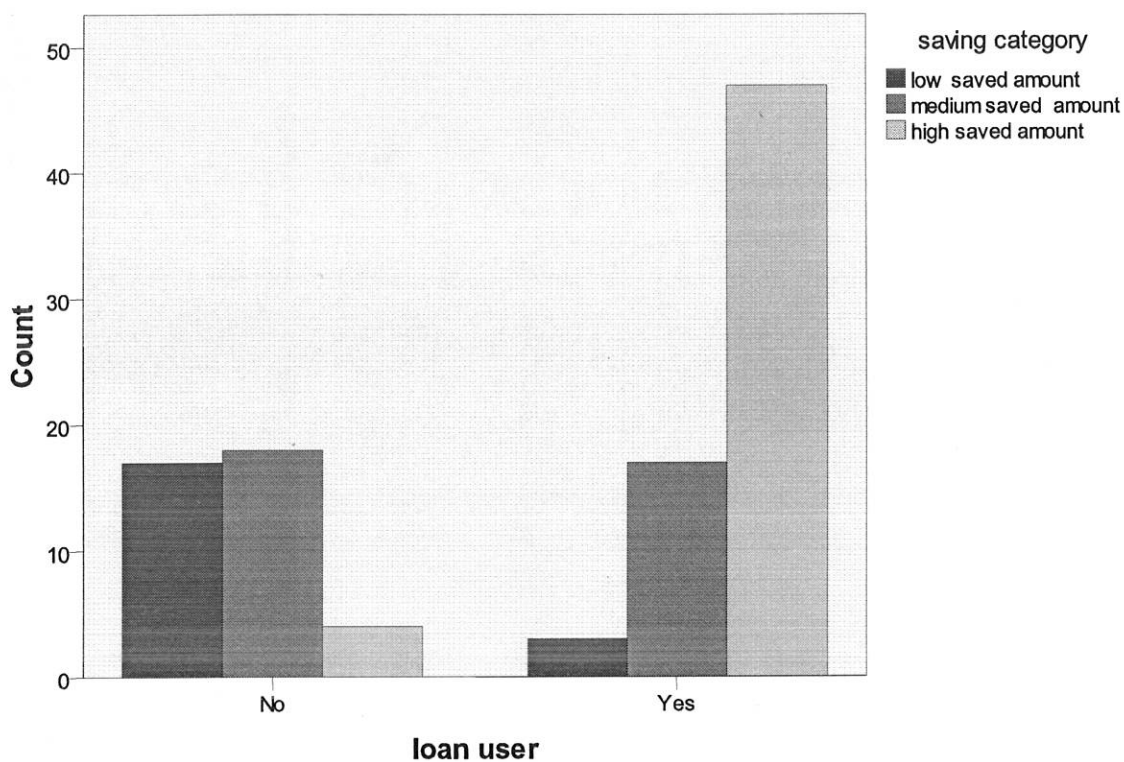
From the above cross table frequency distribution table8, we can see that the loan use effect of people on their savings. From the total of 106 respondents, 39(39/106=36.8%) didn't use the loan from their cooperatives. This might be the case that the managers were not willing to give the loan due to different reasons or the respondents were not willing to take the loan. But all these responds who did say 'no' gave the reason of not using the loan. They said that our request to get the loan was rejected by managers' non willingness. The managers on their interviews said those respondents whose request was rejected did not fulfil the criterion which was required by directive laws in the savings and credit cooperatives.

Not using of loans from their cooperatives has a significant effect on individual savings and from those non-users of the loan, 17 (43.6%) respondents are found in the low average annual savings; 18(46.2%) respondents are found in the medium average annual savings, and only 4(10.2%) respondents are found in the high average annual savings. Whereas from 67 loan users respondents, 3(4.5%) respondents are in the low average annual savings, 17(25.4%) respondents are found in the medium savings and 47(70.1) respondents are found in the high average annual savings.

Based on these above discussion, we can say that using of loan has a positive effect on savings, but non using of loan from cooperatives institutions has a negative effect on savings

and loan use is a factor that positively influence the members than non use and that was the reason that from the total 67 loan users, 47(70.1%) respondents were found in the high average annual savings, and other 17(25.4%) were in the medium savings, but the remaining 3(4.5%) were in the low average annual savings which might be due to other factors. These to increase the average annual savings the managers has to recognize the loan request of the members and compromise the loan requesting members' feeling with rules and procedures which is required by members to take loans from savings and cooperatives. The following graph visualizes this descriptive statistics frequency distribution discussion of loan effect on average annual savings (in category).

Figur11: Loan effect on savings



The above figur1 1 indicates the relationship between the loan users and non users on savings. From the graph we can see that the users of the loan in the savings and credit

cooperatives are in the high savings. Very few of the respondents are in the low saving categories where as more of non users of the loan are in the low savings categories and few of them are in the high categories.

Correlation

The following table9 summarizes the correlations between each independent variable, and independent and dependent variables.

Table 9: Co-relations among variables

		savings amount	Age	education level	marital status	family size	Income	Consumption	awareness	trust	loan use
Age	Pearson	.368**	1	-.549**	.429**	.501**	-.157	.280**	.296**	.279**	.216*
	Sig.(2tailed)	.000		.000	.000	.000	.107	.004	.002	.004	.026
	N	106	106	106	106	106	106	106	106	106	106
education level	Pearson	-.131	-.549**	1	-.226*	-.312**	.287**	-.118	-.092	-.142	-.072
	Sig. (2-tailed)	.181	.000		.020	.001	.003	.228	.346	.146	.464
	N	106	106	106	106	106	106	106	106	106	106
marital status	Pearson	.494**	.429**	-.226*	1	.822**	-.105	.546**	.393**	.408**	.359**
	Sig. (2-tailed)	.000	.000	.020		.000	.282	.000	.000	.000	.000
	N	106	106	106	106	106	106	106	106	106	106
family size	Pearson	.537**	.501**	-.312**	.822**	1	-.159	.423**	.404**	.369**	.306**
	Sig. (2-tailed)	.000	.000	.001	.000		.105	.000	.000	.000	.001
	N	106	106	106	106	106	106	106	106	106	106
monthly income	Pearson	-.017	-.157	.287**	-.105	-.159	1	.018	-.015	-.041	.095
	Sig. (2-tailed)	.861	.107	.003	.282	.105		.854	.875	.674	.333
	N	106	106	106	106	106	106	106	106	106	106
Average savings	Pearson	1	.368**	-.131	.494**	.537**	-.017	.693**	.830**	.748**	.627**
	Sig(2-tailed)		.000	.181	.000	.000	.861	.000	.000	.000	.000
	N	106	106	106	106	106	106	106	106	106	106
Consumption	Pearson	.693**	.280**	-.118	.546**	.423**	.018	1	.620**	.539**	.442**
	Sig. (2-tailed)	.000	.004	.228	.000	.000	.854		.000	.000	.000
	N	106	106	106	106	106	106	106	106	106	106
awareness	Pearson	.830**	.296**	-.092	.393**	.404**	-.015	.620**	1	.740**	.579**
	Sig. (2-tailed)	.000	.002	.346	.000	.000	.875	.000		.000	.000
	N	106	106	106	106	106	106	106	106	106	106
trust	Pearson	.748**	.279**	-.142	.408**	.369**	-.041	.539**	.740**	1	.786**
	Sig. (2-tailed)	.000	.004	.146	.000	.000	.674	.000	.000		.000
	N	106	106	106	106	106	106	106	106	106	106
loan use	Pearson	.627**	.216*	-.072	.359**	.306**	.095	.442**	.579**	.786**	1
	Sig. (2-tailed)	.000	.026	.464	.000	.001	.333	.000	.000	.000	
	N	106	106	106	106	106	106	106	106	106	106

Source: computed from survey data 2011

Relations ships between the independent variables and dependent variables

Correlation shows the relationship between two or variable that how one variable is affected if other variable increases or decreases. From the above table9 at 10% significance level, we can see that the correlation between age and education level is negative 0.549 which means that the members of savings and credit are age old and as education level increases, peoples do not become a membership. Age also has a positive relationship with family size, total saving amount, awareness, trust towards their savings and credit, and using of loan from their cooperatives. This positive correlation indicates that as age increase, the family size increases and also savings and awareness with trust increases. Education level with marital status and family size are negative 0.226 and 0.312 respectively. This means that as education level increases the marital status becomes no married and family size decreases that they may use family size management or they may live or exercise individualism.

The education level and monthly income are correlated positively that is 0.287 mean that when education level increase the income increase. But increasing of education level does not have a significant effect on awareness on the members as it is indicated in correlation table9 above the correlation value between education level and awareness is negative 0.092 which is insignificant.

Education levels are also insingnificant for consumption, trust and using of loan. Correlation of marital status with family size is 0.822. This correlation is relation resulted from the value that is given as 1 to single, 2 to divorced, 3 to widowed and 4 to married based on the theoretical assumption of single is less likely save than divorced, divorced is less likely save than widowed and widowed is less likely save than married. The correlation value of 0.822 indicates that as family size increases as one goes from single to divorced, widowed and to married. The correlation between the family size and consumption is 0.546, this shows that when one becomes married he or she becomes more programmed and has

become more aware about saving. This is based on the assumption that married people have become programmed than no- married.

The correlation between family size and total savings amount is 0.537; this indicates that as family size increases the savings increases because they become more programmed and their awareness for saving increases.

The correlation between saving and consumption is 0.693; this indicates that when one become more programmed his or her saving increases and awareness increases. The correlation between savings and loan using is 0.627, this indicates that as saving increases, using of loan from their cooperative increases. Besides the members' trust towards their cooperative and members' clarity on managements' responsibility and accountability on their work increases.

The correlation between consumptions and awareness about the saving is 0.620 which indicates that as one has awareness about the savings his or her consumption become more programmed and his or her trust towards savings credit cooperatives are increasing positively with increasing or creating clarity on managements responsibility and accountability, using of loan from their cooperatives. If one has awareness about savings, policies , procedures , directives and goals or uses of savings credit cooperativeness, the trust and clarity about managements work has become more sufficient to members of savings and credit cooperatives. And the same is true for clarity of management work to build up the users trust and using of loan by members as we can see correlation of 0.786 from the above table9 that indicate as trust on managements work or duty increases, the using of loan by members from savings and credit cooperatives are increasing.

4.2.3 Regression results

4.2.3.1 Model fitness and Regressions

Fitness of the model: the use of OLS (Ordinary Least Square) is used for this study and the regression result showed that the model work well. The test for this model is made by R^2 and F-statistics. R^2 indicates that how much is the total independent variable explained the dependent variable. As we can see from the following table (Table10 model summary),the result of R^2 showed that all independent variables explained the dependent variables with 80.20% and which confirm that the model is good. The F statistics result also support the above conclusion, with the null hypothesis of all independent variables are insignificant is rejected at 5% significance level adjusted the alternative hypothesis. The calculated F statistics is 49.080 (from table11) which are higher than the tabulated F statistics which is 8.6 (F tabulated from statistics at 5% is 8.6). Therefore the F statistic proofs that the selected model is best fit to analyze the variables by using inferential statistics.

Table10 :Model Summary of Regression

Model	R	R Square	Adjusted Square	R Std. Error of the Estimate
1	.895 ^a	.802	.786	470.31018

a. Predictors: (Constant), trust towards cooperatives, monthly income, age, marital status, consumption, education level, awareness , family size

b. Dependent Variable: Average annual savings

4.2.3.2 Regression results and interpretations

Regression shows that how the dependent viable is responding with independent variables change. The savings which is dependent variable is a function of these independent variables. Dependent variable is ordinary values. Regression can show

us the fitness of the model and significant variables that affect savings and credit use by members.

Table11: ANOVA: Analysis of Variance

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	8.685E7	8	1.086E7	49.080*	.000 ^a
Residual	2.146E7	97	221191.664		
Total	1.083E8	105			

a. Predictors: (Constant), trust towards cooperatives, monthly income, age, marital status, consumption, education level, awareness , family size
 Dependent Variable: Average annual savings

49.080* F- Calculated which is greater than F- tabulated that is 8.6

Source: computed from survey data 2011

Table12: Coefficients of regression

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	95.0% Confidence Interval for B	
	B	Std. Error	Beta			Lower Bound	Upper Bound
(Constant)	-1093.719	333.815		-3.276	.001	-1756.250	-431.188
Age	8.450	8.290	.063	1.019	.311	-8.004	24.903
education level	50.519	50.914	.069	.992	.324	-50.530	151.568
marital status	-124.170	69.302	-.157	-1.792	.076**	-261.715	13.374
family size	204.910	61.082	.286	3.355	.001*	83.678	326.141
monthly income	-.016	.075	-.013	-.215	.830	-.164	.132
Consumption	357.074	90.801	.254	3.932	.000*	176.859	537.290
awareness	484.271	86.004	.423	5.631	.000*	313.577	654.964
trust	266.462	73.976	.249	3.602	.001*	119.640	413.284

Dependent Variable: Average annual savings

Source: computed from survey data 2011

* Significant at 1%

** Significant at 10%

Significant variables: marital status at 10% is a significant factor. Family size, consumption, awareness, and trust at 1% and marital status at 10% are significant factors.

Insignificant variables, age, education level, monthly income

As we can see from the above coefficient of regression table12, Savings are affected by family size, consumption, awareness, and trust at 1% significance level and affected by

marital status at 10% significance level. These variables are a significant factor to influence and affect the people's savings in the savings and credit cooperatives. On other hand age, education level and monthly income are not a significant factor to influence the savings.

Thus from the coefficient regression table¹² the significant probability value for age is 0.311, for education level is 0.324, and for monthly income is 0.830. The significant probability values of these variables are in the acceptance region and that means the hypothesis that premised as increasing of age is insignificant factor to influence the savings of the users of savings and credit cooperatives is accepted and alternative hypothesis is rejected. For the education level, the hypothesis that says education level is insignificant to influence the savings is accepted and alternative hypothesis is rejected. For monthly income, the hypothesis that supposed the monthly income is insignificant factor for influencing savings is accepted and alternative hypothesis is rejected.

The coefficient or probability value of family size is 0.001 which means that the null hypothesis that is family size does not affect the savings is rejected at 1% confidence level and the alternative hypothesis that is the family size affects the savings is accepted at 99% confidence interval. The beta coefficient of family size is positive 0.286. This showed that as family size increases the saving increase. That is as family size increases the saving amount increases by 0.286 of family size. This is the reason that the people are creating awareness and more become programmed as family size increases and they save for their children as bequest. To protect unexpected situations is another reason for this realistic.

Therefore the theoretical assumption that says the increase family size has a negative impact on saving is disproved or become opposite so the family size is not a negative impact for savings rather it support in creating awareness and programmed consumption in minds of members of savings and credits. Saving is made by one member that does not indicant the

entire families so increasing of family size is not a solution to save because the savings per family is very low instead creating awareness through advising, training, or consultancy is a solution for these who has low family size and low savings.

Value of factors

Some factors which influence the savings are ranked by giving quantitative value that is number. These factors which were ranked by giving quantified value are education level, marital status, consumption, awareness, and trust. The basis for give ranked value is theoretical assumption that how is the factor's (independent variables) effect on dependent variable (savings):

1. **Education:** Based on the theoretical assumption that says as education level increases, the people's ability of using savings also increase (saving and education is positively related), and to quantify the education by rank a number from 0 to 4 were used. So, for education level ,0 is given to illiterate, 1 is given to primary, 2 is given to secondary, 3 is given to certificate or diploma holder and 4 is given to degree and above. The quantitative amount that is 0-4 for each level education was used as a rank value and was regressed by using linear regression. From the regression result that was displayed in the above table12, coefficient regression was used for analyzing and interpretation.
2. **Marital status:** By taking the theoretical assumptions, that supports single or non married are less likely use savings, than divorced or separated after having marriage, divorced people also less likely save than widowed who lost their husband or wife by death, and again widowed are less likely using savings than married, for marital

status 1 is given for single, 2 is given for divorced 3 is given for widowed and 4 is given for married.

3. **Consumption:** Based on the theoretical assumption that says non programmed has less attention for savings than semi-programmed who has less concern for savings than programmed, non programmed is given a value of 1 , semi-programmed is given a value of 2 and programmed is given a value of 3. This is to say as one becomes programmed her or his saving also becomes more and there is a positive responding between programmed consumption and savings.
4. **Awareness:** Theory was the base for ranking awareness as to increase the savings people should be aware of the savings. 1 was given for people who were supposed to have poor awareness about the savings, policies, procedures and using of loans from its cooperatives, 2 was given for people who were supposed to have satisfactory awareness, 3 was given for people who were supposed to have good awareness and 4 was given for people who were supposed to have a very good awareness.
5. **Trust:** 1 was given for people who were supposed to have poor trust, 2 was given for people who were supposed to have satisfactory trust, 3 was given for people who were supposed to have good trust and 4 was given for people who were supposed to have a very good trust.

The coefficient of probability value of consumption from the above regression table¹² is 0.000 which means that the null hypothesis that is the consumption does not affect the savings is rejected at 1% significance level and the alternative hypothesis that is consumption has an effect on savings is accepted. The consumption is a factor for

savings that affects savings positively and even using of credit or loan from cooperative by members are affected by consumption system. Members of the savings and credit cooperatives need advice of consultancy on their consumption to be a programmed.

The coefficient of probability value of awareness is 0.000 and the T- calculated is 5.631 which is greater than 1.96 T- tabulated, which means that the null hypothesis that is awareness is insignificant to influence savings is rejected at 1% significance level and the alternative hypothesis that is awareness is a factor to affect savings is accepted. To create the awareness to the members of savings and credit cooperatives, managers need additional awareness creating time or additional work of consultancy giving services.

The coefficient of probability value of trust from the above table 12 is 0.001 and T-calculated is 3.602 which rejects the null hypothesis that is trust is insignificant is rejected at 1% significance level and the alternative hypothesis that is trust is significant to influence the savings is accepted. From this we can see the trust of savings and credit users is a basic factor to influence savings. The members trust towards the savings and credit cooperatives, its directives, rules, procedures and government policies are a factor to influence the savings which is made by members and credit which is loaned by members from their savings and credit cooperatives.

So, bringing of the members' trust or belief in to savings and credit cooperatives develops their confidence to save the money in cooperatives by encouraging members' belongingness on managements' work, decisions, and report of operations. On the basis of the above on going analysis and discussions, the researcher conclude that the age, education and income is not an influential factors but the consumption, awareness, trust and family size are a crucial that significantly affect savings of savings and credit cooperative users which another hand is a determinant factor for loans. Therefore, the

managers of savings and credit cooperatives or respective bodies shall give intention to these issues of consumption, awareness and trust. For the family size, it influences positively because beta is positive 0.286 which indicates the positive relationship but savings per person is low, that is the advice to increase savings per each member of a family

Managers' feelings and capabilities in the operation of savings and credits

Among the interviewed Managers of savings and credit cooperatives, most of them are newly assigned and does not have back ground in managing the savings and credit cooperatives. Their feelings in the savings and credit cooperatives are not disclosed to users as far as expected by the purposes of the managers. Most of the managers are looking (from interview) themselves as a separated person from having of ownership. Also managers as expected in their feelings, does not compromising any mistakes which is taken by a members of savings and credit cooperatives. Thus the gap between managers and members creates a decrease in the awareness and trust inside the goals of the savings and credit cooperatives.

CHAPTER FIVE

CONCLUSIONS AND RECOMMENDATION

5.1 conclusions

Based on the above discussion and results from data analysis and findings of the research, we can construct our conclusion for the following points:

- Even if there were long lasting history about cooperatives, cooperatives in savings and credit for current function were started in 1991 (Art 147/1991) and Amendment (402/1996) and have a significant share in country development, Members of savings and credit cooperatives are owners who need clear and precise information about their cooperatives which is run by selected managers.
- Owner (members) of savings and credit cooperatives are influenced by different factors which are raised from not knowing or not getting of what is needed to them. As the above discussion shows, we can identify and conclude different factors that affect savings in different ways
- Factors that mostly influence the savings of the people in savings and credit cooperatives are marital status, consumption plane, awareness, and trust.
- The incomes and Education levels of the people are not a significant factor to influence the savings of a people in the savings and credit cooperatives, and this may be the change of needs for the consumption that the need or level of consumption increases as income or education level increases. So, having of

income or educations are not enough to have a significant savings in the members' account in his or her savings and credit cooperatives.

- The findings also indicated that, the family size was not significant factor that affect savings negatively as much what was theoretically stated instead it affect positively (beta from above table is positive 204.910). This could justify in such a way that the people who have large family size were going to save as bequest (legacy) for their family (children).
- The main factories which were showed or found in the above descriptive statistics and inferential statistics analysis are marital status, awareness, trust, and loan use. The marital status were a factor for the savings which influence savings and the married people (married members) highly committed to save the money in their savings and credit cooperatives and can accumulate their wealth. This was that the married people can settle any need that affects the savings by discussion decisions and be aware of the use of savings by sharing information each other whereas non-married people needs a great orientation and consultancy service from the managers of their cooperatives to save and use savings that brings a positive change on their life. Members' trust towards their savings and credit cooperatives significantly affect the savings of members.
- Savings credit cooperatives Managers' orientation, advising and consultancy services are not provided as much as it brings accurate awareness and unhesitated trust from the members (owners) of its cooperatives. The habit of community savings highly needs cooperative trainings to increase the level of using savings and loans (credit) in savings and credit cooperatives.

- Loan (credit) which is given to members are the output or of their savings. First savings are required and when he or she has a balance in his or her account in the savings and credit cooperatives, the loan or credit is allowed to them. Perhaps properly managing of credit and recognizing of the members' loans requesting question as rules or directives, has positive impact on the members savings and in addition it indicates the managers' consistency in managing savings and credit cooperatives.
- Savings and credit cooperative' manager should share an experience with each other to develop the ability of managing and running the business and to benefit the owners of the savings and credit cooperatives.

5.2 Recommendations and Suggestion

- The basic factors which influence the savings negatively shall be identified and controlled by the users of the savings and credit cooperatives. This is the responsibilities of cooperative runners (owners, and managers) together in minimizing these challenging factors to build up the wealth in their life endeavour
- Savings and credit cooperative management shall give additional cooperative trainings and consulting services to its members to create awareness about savings and credit use. Trainings (consultancy) shall indicate the direction to the members about its value wealth on their capital development and the country's economy incremental value.
- The services of savings and credit cooperatives shall be designed so as to bring the school or community savings habit in to its account. This may be achieved through diversifying cooperative trainings and orientations in to schools, institutions, farming, and even in to individuals. This duty is for both owners as well as manages to success the objectives in the savings and credit cooperative cooperatives.
- Directors or managers clearly disclose its activities, accountabilities and responsibilities to members to bring their trust towards cooperatives. Directives, procedures, rules and policies shall be disclosed to members as soon it is needed to decreases confusion, hesitation, or other types of uncertainty.
- Operating reports of savings and credit cooperatives shall be regular prepared and displayed to the owners (members) of the savings and credit by responsible

bodies. And the members shall get the certificate or evidence from managements to confirm their savings and credit balance to develop uses (owners) trust towards savings and credit cooperatives. Each member's trust on savings and credit cooperatives increases the amount which is saved by each of them. When managers are open or transparent on their work to members or owners of savings and credit cooperatives; members are becoming trust full towards their cooperatives, policies, directives, rules, and procedures.

- The community consumption shall be programmed and the trainings and consultancy services shall include orientations about managing of consumption to increase the member's savings and to turn loans within given time. To achieve this, the cooperatives training shall be given to members for their consumption plane or programme, that are increase when income or education level increases.
- From the management side, it is suggest that, the managers shall share their back ground of experience in the management of savings and credit cooperatives.

As a Suggestion for Further Research This study is one of a few and it is new research in savings and credit cooperatives in Ethiopia. So, further research will include a similar study to in this area and kindly can carry out on others place and on other relative issue ,a study on Savings and credit cooperatives' challenges and opportunities while cooperatives business organizations encountered and how the members are efficient to bring their wealth.

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Appendix

Appendix contains legal percolation for cooperatives, frequency distributions, studied areas and instruments for data collections

Ethiopian Proclamation No 147/1998

A PROCLAMATION TO PROVIDE FOR THE ESTABLISHMENT OF COOPERATIVE SOCIETIES

PART I GENERAL

Section 1. *Short Title.* This Proclamation may be cited as the "Cooperative Societies Proclamation No. 147/1998."

Section 2. *Definitions.* In this Proclamation unless the context otherwise requires:

1) "Society" means a cooperative society established and registered in accordance with this Proclamation and it shall in particular include the following:

Agricultural Cooperative Societies; Housing Cooperative Societies; Industrial and Artisans Producers' Cooperative Societies; Consumers Cooperative Societies; Savings and credit Cooperative societies; Fishery Cooperative Societies and Mining Cooperative Societies;

2) "Cooperative Society" means a society established by individuals on voluntary basis to collectively solve their economic and social problems and to democratically manage same;

3) "Member" means any physical person, or society established under this proclamation which is registered after fulfilling his membership obligations.

4) "General Assembly" means a meeting of members of the Primary Cooperative society or representatives of societies above primary level;

5) "Special resolution" means a resolution passed by a two third majority of the members to be binding on all members;

6) "Management Committee" means a body elected and empowered by the general assembly with the responsibility to manage the activities of the society;

7) "Appropriate Authority" means an organ established at federal level, or a bureau or an organ established for the same purpose at Regional or City Administration level, to organize and register cooperative societies and to give training, conduct research and provide other technical assistance to cooperative societies;

8) "Person" means a natural or juridical person.

Section 3. Where the provisions of the Proclamation are set out in the masculine gender they apply equally to the feminine gender.

Section 4. *Objectives of a Society.* The society to be established under this proclamation shall have one or more of the following objectives:

1) to solve problems collectively which members cannot individually achieve;

- 2) to achieve a better result by coordinating their knowledge, wealth and labour;
- 3) to promote self-reliance among members;
- 4) to collectively protect, withstand and solve economic problems;
- 5) to improve the living standards of members by reducing production and service costs by providing input or service at a minimum cost or by finding a better price to their products or services;
- 6) to expand the mechanism by which technical knowledge could be put in to practice;
- 7) to develop and promote savings and credit services;
- 8) to minimize and reduce the individual impact of risks and uncertainties;
- 9) to develop the social and economic culture of the members through education and training.

Section 5. *Guiding Principles of Co-operative Societies.* 1) Co-operative societies are voluntary organizations open to all persons able to use their services and willing to accept the responsibilities of membership without gender, social, racial, political or religious discrimination.

- 2) Co-operative societies are democratic organizations controlled by their members who actively participate in setting their policies and making decisions. Every member has equal voting rights and accordingly one member shall have one vote.
- 3) Members shall receive dividends from profit according to their shares and contribution after deducting and setting aside an amount necessary for reserve and social services.
- 4) Co-operative societies are autonomous self help organizations controlled by their members. If they enter into agreement with other organizations, including governments or raise capital from external sources, they shall do so on terms that ensure democratic control by their members and maintain their autonomy.
- 5) Co-operative societies provide education and training for their members, elected representatives, managers and employees so as to enable them to contribute effectively to the development of their societies. They inform the general public, particularly the youth about the nature and benefit of societies.
- 6) Co-operative societies serve their members most effectively and strengthen the societies movement by working together through local, national, regional and international structures.
- 7) Co-operative societies work for the sustainable development of their communities through policies approved by their members.

PART II FORMATION AND REGISTRATION OF CO-OPERATIVE SOCIETIES

Section 6. *Formation of Co-operative Societies.* 1) Co-operative societies may, according to their nature, be established at different levels from primary up to the federal level.

2) A primary society shall be established by persons who live or work within a given area.

3) The number of members in a primary society to be established shall not be less than ten.

4) Notwithstanding Sub-Article (2) of this Article, the appropriate authority may specify in the directive, the minimum number of members that could make a society economically feasible.

5) A society may sell one of its shares to persons outside its area when the society faces shortage of capital.

Section 7. *Types of Societies.* 1) A society may engage in either production or service rendering activities in both.

2) The field of activities to be engaged in by any society shall be determined by the by-laws of the society.

Section 8. *Name of a Society.* 1) Any society shall have its own name

2) Words "Cooperative Society and Limited Liability" shall appear in the name of every society.

3) A name or distinguishing mark registered by one society shall not be used by any other society. 4) The name of every society shall be written boldly and be put at every place where the society's activities are performed. It should also be written or sealed on every notices letters, other specifications and documents which are signed on behalf of the society.

Section 9. *Registration of a Co-operative Society.* 1) Any society shall be registered by the appropriate authority.

2) Any society, when established shall submit an application for registration together with the following particulars to the appropriate authority:

minutes of the founders meeting; the by-laws of the society in, three copies; names, address and signature of the members; name, address and signature of the members of the management committee of the society; a detailed description which proves that the registered members of the society have met the requirements for membership in accordance with the provisions of this Proclamation and the by-laws of the society; name, address and signature of members of the societies above primary level and plan of the society; documents showing that the amount of capital of the society and the capital has been collected and deposited in a bank account, if there is no bank in the area, that it has been deposited in a place where the appropriate authority has designated; the description of the land on which the society operates; and other particulars that may be specified in the regulations or directives issued for the implementation of this Proclamation.

3) The appropriate authority shall register a society and issue a certificate of registration within 15 days when it is satisfied that the application for registration submitted to it has fulfilled the requirements for registration.

4) When the appropriate authority rejects the application for the registration of a society, it shall give a written explanation to the representatives of the society within 15 days. The representatives may appeal to the high court which has jurisdiction on the decision of the appropriate authority.

5) The certificate of registration issued to a society pursuant to Sub-Article (3) of this Article is an evidence to prove that a society is registered in accordance with this Proclamation.

Section 10. *Juridical Personality and Responsibility.* 1) Any society registered in pursuance of Article 9 of this Proclamation shall have juridical personality from the date of its registration.

2) Any society shall not be liable beyond its total asset. It has limited liability.

Section 11. *By-laws of Society.* 1) Every society shall have its own by-laws.

2) The contents of the by-laws shall include the following particulars:

name and address of the society; objectives and activities of the society; working place (area) of the society; requirements necessary for membership of the society; the rights and duties of members of the society; the powers, responsibilities, and duties of management bodies; conditions for withdrawal and dismissal from membership; conditions for reelection, appointment, term of office and suspension or dismissal of the members of the management committee or other management bodies; conditions for calling of meeting and voting of the society; allocation and distribution of profit; auditing; employment of workers; and other particulars not contrary to this Proclamation.

3) By-laws of a society may be amended by the special resolution of the general assembly. However, the amendment of the by-laws of the society shall be effective on the date of its submission to and registration by the appropriate authority.

4) Where the Society decides on the amendment of its by-laws three copies of the amendment and the special resolution of the society made in accordance with this Proclamation shall be submitted to the appropriate authority within 30 days from the date of the decision.

5) The appropriate authority shall register the amendment and give evidence or its registration to the society where it is satisfied that the amendment of the by-laws was made in accordance with this Proclamation and regulations issued for the implementation of this Proclamation.

Section 12. *Amalgamation and Division of Societies.* 1) Without prejudice to Article 6 (3) and (4) of this Proclamation, the general assembly of a society through a special resolution may form a new society:

by dividing itself into two or more societies or by amalgamating itself with one or more societies.

2) The special resolution on the amalgamation or division of the society shall be effective on the date of its registration by the appropriate authority upon verifying that:

(a) the members and creditors of the society fully agree to the amalgamation or division; or

(b) the members and creditors that do not agree have been paid off or their payment is guaranteed.

3) The previous registration of societies shall be canceled from the register as soon as the newly formed society by amalgamation or by division are registered.

4) The rights and duties of societies which have lost their identities by amalgamation shall be transferred to the newly formed society.

5) The rights and duties of a society which has lost its identity by division shall be transferred to the newly formed societies as specified in Sub-Article (2) of this Article.

PART III THE RIGHTS AND DUTIES OF MEMBERS OF A SOCIETY

Section 13. *Requirements Necessary for Membership of a Society.* Any individual may become a member of a society where:

1) he has attained the age of 14 if it is a primary society;

2) he is able to pay the share capital and registration fee required by the society;

3) he is willing to implement his obligation and observe the objectives and by-laws of the society;

4) he fulfills other requirements which may be specified in the regulations and directives issued for the implementation of this Proclamation;

5) it is registered with the appropriate authority if it is a society above the primary society.

Section 14. *Rights and Duties of Members.* 1) Any member of a society shall have the following rights:

to obtain services and benefits according to his participation in the society; to participate in the meetings of the society and to vote; to elect and be elected; and to withdraw from the society on his request with payment of benefits.

2) Any member of a society shall have the following duties:

to respect the by-laws, directives and decisions of the society; to perform those activities which ought to be performed in accordance with the by-laws and directives of the society; to

pay for share of capital and registration fee; and to protect the common property of the society.

PART IV MANAGEMENT BODIES

Section 20. *Supreme Organ of a Society.* The supreme organ of any society shall be the general assembly.

Section 21. *Powers and Duties of the General Assembly.* The general assembly of a society shall:

- 1) pass decisions after evaluating the general activities of the societies;
- 2) approve and amend the by-laws and internal regulations of the society;
- 3) elect and dismiss the members of the management committee, control committee and when necessary the members of other sub-committees;
- 4) determine the amount of shares of the society;
- 5) decide on how the annual net profit of the society is distributed;
- 6) give decision on the audit report;
- 7) hear work reports and give proper decision;
- 8) decide that a society either be amalgamated with another society or be divided in pursuance of this proclamation;
- 9) approve the annual work plan and budget;
- 10) decide any issue submitted by the management committee and other committees.

Updated by JB. Approved by PA. Last update: 2 February 2001.

Respondents' frequency distribution, Chi-square and significance at different factors:

Variable	Variable factors	Frequency	Percentage	Chi-square	Sig.
Gender	Male	51	48.1	0.784	0.676
	F	55	51.9		
	Total	106	100		
Education level	Illiterate	20	18.9	4.308	0.828
	Primary	9	8.5		
	Secondary	19	17.9		
	Certificate/dipl oid	37	34.9		
	Degree and above	21	19.8		
	Total	106	100		
Marital status	Single	28	26.4	29.973	0.000
	Divorced	20	18.9		
	Widowed	9	8.5		
	Married	49	46.2		
	Total	106	100		
Occupation	Farmer	25	23.6	7.331	0.501
	Merchant	18	17		
	Employee of govt/pt inst.	59	55.7		
	Retired	2	1.9		
	Other	2	1.9		
	Total	106	106		
Religion	Orthodox	80	75.5	10.449	10.107
	Muslim	12	11.3		
	Protestant	12	11.3		
	Other	2	1.9		

	Total	106	100		
Consumption	Non-programmed	25	23.6	46.937	0.000
	Semi-programmed	51	48.1		
	Programmed	30	28.3		
	Total	100	100		
Awareness (users' awareness about the savings and credit policies, procedures,)	Poor	24	22.6	85.523	0.000
	Satisfactory	37	34.9		
	Good	38	35.8		
	Very good	7	6.6		
	Total	106	100		
Trust (users' Trust towards their cooperatives, laws, policies)	Poor	23	21.7	74.441	0.000
	Satisfactory	23	21.7		
	Good	49	46.2		
	Very good	11	10.4		
	Total	106	100		
Loan	No user 'no'	39	36.8	41.589	0.000
	User 'yes'	67	63.2		
	Total	106	100		
Average Income category	Low	39	36.8	2.767	0.598
	Medium	45	42.5		
	High	22	20.8		
	Total	106	100		
Average annual Saving category	Low	20	18.9		
	Medium	35	33		
	High	51	48.1		
	Total	106			

Table Iappendix: Respondents' frequency distributions for categorical variable factors

Woredas in which survey studies were taken:

- ✓ DebreBirhan woreda and DebreBirhan City
- ✓ Angolala tera woreda
- ✓ Murate ena ejiru woreda
- ✓ Anckober waoreda
- ✓ Shewa robit woreda
- ✓ Sidar ena wayou woreda
- ✓ Mida ena oromo woreda
- ✓ Menzmama woreda

Instrument A-for Data Collections:

Addis Ababa University

College of Management, Informatics and Economics Science

School of Business and Public Administration

Department of Accounting and Finance

Postgraduate Program

Questionnaires for the members of savings and credit

Dear respondents: Currently I am Msc student (in Accounting and Finance) at Addis Ababa University and I am perusing a research project entitled "**A Study of Factors Influencing Savings and Credit of Savings and Credit Cooperatives: in case of North Shewa, Debere Birhan City and Woredas**". The objective of the study is to analyze the factors influencing saving and credit of saving and credit co-operative society and to point out possible remedies for the problems. To achieve the study objectives and to successfully complete this research, the information obtained from your responses to the questionnaire provided is invaluable. Therefore, I would like to express my heartfelt thanks and appreciate your esteemed cooperation in filling the questionnaire provided here under.

I assure you that the study is only for pure academic purpose and comprehensive data is analyzed and kept confidentially. To ensure confidentiality and keep privacy you need not write your personal name, address and need not express the name of your savings and credit cooperative association and its address.

I would greatly appreciate if you are able to return the completed questionnaires before 3 days. You can contact me if you have any ambiguity related to the questions via my personal addresses (telephone: 0913-09-19-19, e-mail: abaynehkindie@yahoo.com)

General instruction: The reliability of the result of the study depends on your genuine response to the questions and hence, your attention for all questions is very important. You can put a check mark (✓) in front of the answer of your choice in each question. For the questions that require your personal opinion you can write your response on the space provided.

Abayneh Kindie

April 2011-04-27

Challenge indication from users (members' side)

1. Sex: Male Female
2. Age: ----- years
3. Occupation: farmer merchant government or private employee
retired Other, specify: -----
4. Family size: -----
5. Marital status : Single married divorced/ separated widowed
6. Relation to head of household: head spouse
daughter son other, specify: -----
7. Religion: orthodox Muslim protestant
other, specify: -----
8. Education level: illiterate primary secondary
Level VI/diploma Degree & above
9. How much is your monthly income on average? :----- Birr
10. How much percent of your average monthly income do you save per month? -----%
11. How much amount do you have saved so far in your saving and credit cooperative?
-----birr

12. How long did you join the savings and credit cooperative? -----years

13. Have you ever thought to cease/stop your membership from savings and credit cooperative? Yes No

if your answer on question 13 is 'yes' give your answer for question 13.1

13.1 Why you have this thinking?

operating system of savings and credit is not good

there is no benefit from the cooperative personal problem

If other, specify -----

14. How do you save money in your saving and credit cooperatives? Daily
weekly

in every two weeks monthly other, specify: -----

15. Did you have any time that you interrupted regular savings for time being?
Yes No

If your answer on question 15, is "yes", please, give your answer for question 15.1 & 15.2

15.1 Why did you do so? Health problem unemployment
Celebration To support family
other, specify:-----

15.2 Were you be penalized by doing so? Yes No

15.2.1 If your answer on question 15.2 is yes, what was your penalty?

16. How is your consumption? Programmed non-programmed
semi-programmed Other, specify-----

17. How much money do you save on average each month in your saving and credit cooperatives?:-----birr

18. Do you have dependents other than your family that affects your savings?

Yes No

Loan use indication

19. Have you ever taken loan from your savings and credit cooperative?

Yes No

If your answer on question 19 is 'yes': go to question 19.1 to 19.7

19.1 How many times did you take loan? 1 times 2 times 3times

if it is more than 3times, specify:-----

19.2 On average how long did it take you from requesting up to receiving the loan?

Below 1week 1 - 2weeks 3-4 weeks more than 1 month

If it is more than 1 month, specify: -----

19.3 How much amount of money did you take in a single loan?

Less than your total savings equal to your total savings

2 times of your total saving

3times of your total savings other amount , specify-----

19.4 Why did you take loan from your savings and credit cooperatives?

For consumption for acquisition of fixed asset for health problem

To support dependent of other than your family size

other-----

19.5 How much time was allowed to you to return the loan?

Lees than 1year 2years 3 years more than 3 years

If it is more than 3 years, specify:-----

19.6 How did you see the allowed time to return the loan?

Very short enough long very long

19.7 Did you back the loan within the given time? Yes No

19.7.1 If your answer on question19.7 is 'no', why didn't you back loan within given time?

If your answer on question 19, is 'No', please, give your answer for question 19.8

19.8 Why didn't you take the loan? There was no personal problem
you are not given loan for your loan request you didn't need loan
Other, specify: -----

Awareness indication

20. How do you judge your awareness about savings and credit cooperatives?

Poor Satisfactory good very good

21. Did your savings and credit cooperative management give you an orientation of its goal or purpose? Yes No

If your answer on question 21 is 'yes', give your answer for the following questions

21.1 Did you satisfy the orientation being offered? Yes No

21.2 How many times did you participate in the orientation

1 times 2 times 3 times 4 times

if it is More than 4 times, specify: -----

22. Did you know the government policies towards saving and credit? Yes No

If your answer on question 22, is 'yes', please, give your answer for question 20.1

22.1 How you judge your awareness for the government policies?

Little satisfactory good very good

23. Did you know the rules and directives of your saving and credit cooperatives?

Yes No

Trust indications

24. Does management of your savings and credit cooperative give periodic report of its operation to its members? yes No

if your answer on question 24 is 'yes' answer question 24.1 and 24.2

24.1 When did you savings and credit cooperatives give its periodic operational report? monthly quarterly semi - annually yearly
other specify:-----

24.2 how many times did you participate in periodic operational report:-----

25. What is your role in your savings and credit cooperatives?

Member chair man committee member secretary

Other, specify: -----

26. Is collateral requested to borrow birr from savings and credit? Yes No

If your answer on question 26, is **yes**

26.1 What was the collateral did you requested?

27. How is your trust on your savings and credit cooperatives' credit committees' work?

Poor satisfactory good very good

28. managers' responsibility and accountability are clear

Disagree neutral agree strongly agree

29. Did management of savings and credit give a training and consultancy service to its members regularly? Yes No

30. How do you judge the saving culture in your community?

Poor satisfactory good Very good trust

For managers in the interview form

I willingly request you (manager of) -----savings and credit to let me to know the question which is under her. The data is confidential and it use is for only academically purpose:

1. work experiences in management of savings and credit cooperatives-----
years
2. purposes of managing your savings and credit cooperatives
.....
.....
3. What are your feelings as you are a manager of savings and credits?
.....
.....
4. What kind/type of challenges have you seen in your savings and credit
cooperatives?
.....
.....
5. What conditions/events influence the members' savings in your savings and credit
cooperative?
.....
.....
6. How do judge the savings habit of the people in your community as you are a
manager of this particular savings and credit cooperatives?
.....
.....
7. What are your actions to bring the people to be a member of savings and credits?
.....
.....

8. How does the savings and credit cooperatives functions (uses) to users?
.....
.....

9. What are the criteria to lend money to a member who need to take loan?
.....
.....

10. Does management disclose the policies, procedures, rules and operating activities of the savings and credit cooperatives to its members? yes----- No-----

11. Does credit or loan collected from user on time? yes-----No-----

12. How the savings are rotated?
.....
.....

13. How far does management give orientations and consultancy services to its members to develop the users' awareness?
.....
.....

14. Did a management have ever gone detail to point out the main causes that made the users unable to save and to continue as member? Yes-----No-----

If yes, what were outcomes?
.....
.....

Instrument B-for Data Collections:

አዲስ አበባ ዩኒቨርሲቲ

የቢዝነስና ህዝብ አስተዳደር የት/ት-መስክ

የአካውንቲንግ ትምህርት ክፍል

በደብረ ብርሀን ከተማና ዙሪያ ወረዳ ላይ ለሚደረግ ጥናትና ምርምር የተዘጋጀ መጠይቅ

የምርምሩ ርዕስ “The Study of Factors Influencing Savings and Credit: in case of Savings and Credit Cooperatives-North Shewa, Debere Birhan City and Woredas”

በመጀመሪያ የከበረ ሰላምታዬን እያቀረብኩ የዚህ ጥናትና ምርምር ባለቤት እና ይህን መጠየቅያ ያዘጋጀሁት እኔ አቶ አባይነህ ክንዴ እባላለሁ። በአዲስ አበባ ዩኒቨርሲቲ የድህረ ምረቃ ወይም ሁለተኛ ዲግሪዬን በመከታተል ላይ እገኛለሁ። ይህንን የሁለተኛ ዲግሪ ትምህርቴን ከፍጻሜ ለማድረስ በሰሜን ሸዋ ዞን በደብረ ብርሀን ከተማና ወረዳዎ ከሚገኙት የገንዘብ ቁጠባና ብድር ማህበራት ዙሪያ ጥናታዊ ፅሁፍ በመስራት ላይ እገኛለሁ። ምርምሩ የሚያተኩረውም ከገንዘብ ቁጠባና ብድር ጋር ተያያዥ የሆኑ አሉታዊና አዎንታዊ አሰራሮችንና ችግሮችን ለመለየት ይህንን መጠይቅ አዘጋጅቻለሁ። ለዚህ አላማ መሳካት የእርስዎ ትግስትና ትብብር እንደማይለየኝ በማሰብ መጠይቁ ላይ ለተቀመጡት ጥያቄዎች ብቻ ትክክለኛና አላማኝ የሆኑ ምላሾችን እንዲሰጡኝ በአክብሮት እጠይቃለሁ። ከዚህ ጋራ በተያያዘ ልገልፅልዎት የምፈልገው ጉዳይ ለዚህ መጠየቅ የሚሰጡት ማንኛውም ምላሽ በሚስጥር የተጠበቀ እንደሚሆንና በማንኛውም አጋጣሚ እና ሁኔታ እርስዎ ላይ ምንም አይነት ችግር እንደማይፈጠር ላሳስብዎትና ላረጋግጥልዎት እወዳለሁ። እርስዎ የሚሰጡኝ መረጃ የሚውለው ሙሉ በሙሉ ለትምህርታዊ ጥናት ብቻ እንደሆነ ላስገንዝብዎትም እፈልጋለሁ። ምናልባትም መጠይቁ ላይ ጥርጣሬና ችግር ከገጠመዎት ከዚህ በታች በተገለፀው የሞባይል ስልክ አደርራሻዬ ሊያገኙኝ ይችላሉ።

ስለ ቀና ትብብርዎ እና ትግስትዎ በቅድሚያ አመሰግናለሁ

አባይነህ ክንዴ(የሁለተኛ ዲግሪ ተማሪ፤ 0913 091819)

ያተጠቀሙት ችግር መለያ:

1. ያታ: ወንድ ሴት
2. እድሜ: ----- ዓመት
3. ስራዎት: ግብርና ንግድ የመንግስት ወይም የ ግል ስራተኛ
ጡረተኛ ሌላ:-----
4. የቤተሰብ ብዛት:-----
5. የጋብቻ ሁኔታ: ያላገባ/ች ያገባ/ች አግብቶ የፈታ/ች
የ ትዳር ጓደኛ የሞተበት/ባት
6. በቤተሰብ ውስጥ ያለው ኃላፊነት ሁኔታ: አባወራ እማወራ
ወንድ ልጅ ሴት ልጅ ሌላ:-----
7. ሀይማኖት: ኦርቶዶክስ ሙስሊም ፕሮቴስታንት
ሌላ:-----
8. የትምህርት ደረጃ: ፊደል ያልቆጠረ 1ኛ ደረጃ 2ኛ ደረጃ
ዲፕሎማ የ መጀመሪያዲግሪና ከዚያ በላይ
9. አማካይ ወራሀዊ ገቢህ/ሽ መጠን ምን ያክል ይሆናል?-----ብር
10. በአመካይ ከወራሀዊ ገቢዎ ምን ያክል ፐርሰንት በየወሩ ከማህበሩ ውስጥ የስቀምጠሉ?-----%
11. በማህበሩ ውስጥ በአጠቃላይ ምን ያክል ገንዘብ አስቀምጠዋል?-----ብር
12. የማህበሩ አባል ከሆንክ/ ሽ ምን ያክል ነው?.....ዓመት
13. ከማህበሩ ዓባልነት ለማቋረጥ አስበው ያውቃሉ? አዎ የለም
ለጥያቄ ቁጥር13 መልሶ አዎ ከሆነ ለጥያቄ ቁጥር 13.1 መልሶን ይስጡ
13.1 ለምንድን ነበር የሚያስቡት? የ ማህበሩ አሰራር ጥሩ ስላልሆነ
ከማህበሩ የሚገኝ ጥቅም ስለሌለ በግል ችግር ሌላ:-----
14. ገንዘብን የሚቆጥቡት በምን ያህል ጊዜ ነው?
በየቀኑ በየሳምንቱ በየሁለት ሳምንቱ በየወሩ በየሩብ
ዓመቱ በየዓመቱ ሌላ:-----
15. የቁጠባ ክፍያን ለጊዜው አቋርጠው ያውቃሉ? አዎ የለም
ለጥያቄ ቁጥር 15 የእርሶ መልስ አዎ ከሆነ: ለጥያቄ ቁጥር 15.1 ና 15.2 መልሶን ይስጡ?

15.1 በምን ምክንያት ነበር አቋርጠው የነበሩት?

በጤና ምክንያት ለጊዜው ባጋጠመ ስራ ማጣት

የበዓል ድግስ ለመደገስ ቤተሰቦችን ለመርዳት

ሌላ-----

15.2 ባለመክፈሉ ተቀጥተው ያውቃሉ? አዎ የለም

15.2.1 ለ ጥያቄ ቁጥር 15.2 የ እርሶ መልስ አዎ ከሆነ፣ በምንድን ነበር የተቀጡት -----

16 ፍጆታዎን እንዴት ነው የሚጠቀሙት?

በፕሮግራም አንዳንዴ በፕሮግራም ያለፕሮግራም ሌላ:-----

17 በየወሩ በአማይ ምን ያክል ገንብ ከእርሶ ማህበር ያስቀምጣሉ-----በር

18 ከቤተሰብ ዓባላት ውጭ ሌላ ተቀማጭ ገንዘብ ላይተፅዕኖ ያሚያሳድር

የሚያስተዳድሩዎቸው ሰዎች አሉ? አዎ የሉም

የብድር ጥቅም አመልካች

19 ብድር ከማህበሩ ወስደው ያውቃሉ? አዎ የለም

ለጥያቄ ቁጥር 19፣ የእርሶ መልስ አዎ ከሆነ፣ ከጥያቄ ቁጥር 19.1 እስከ ጥያቄ ቁጥር 19.7 ላሉት ጥያቄዎች መልሶን ይስጡ።

19.1 ለስንት ያህል ጊዜ ብድሩን ወስደው ያውቃሉ? 1 ጊዜ 2 ጊዜ 3 ጊዜ
ከ3 ጊዜ በላይ ከሆነ ይጥቀሱ:-----

19.2 ብድር ጠይቀው እስኪያገኙ ድረስ ምን ያህል ቀን ይወስዳል?

ከ 1 ሳምንት በ ታች ከ 1-2 ሳምንት ከ 3-4 ሳምንት ከ1ወር በላይ
ከ 1 ወር በላይ ከሆነ ግምታዊ ጊዜን ይጥቀሱ:-----

19.3 በአንድ ጊዜ ምን ያክል ገንዘብ ተበድረው ያውቀሉ?

ከ ቆጠቡት ገንዘብ በታች የቆጠቡትን ገንዘብ ያክል
የ ቆጠቡትን ሁለት እጥፍ የቆጠቡትን ሶስት እጥፍ
ሌላ:-----

19.4 ከማህበሩ ብድሩን የወሰዱት ምን ለማድረግ ነው?

ለዕለት ፍጆታ ቋሚ ዕቃ ለመግዛት ለጤና ችግር
ዘመድ ለመርዳት ሌላ:-----

19.5 የተበደሩትን ገንዘብ ክፍለው ለማጠናቀቅ ማህበሩ ምን ያህል ጊዜ ይሰጣቸዋል?

ከ 1 ዓመት የነሰ ሁለት ዓመት ሶስት ዓመት ከ ሶስት ዓመት በላይ ከ ሶስት ዓመት በላይ ከሆነ የተፈቀደውን ጊዜ የጥቀሱ:-----

19.6 የተበደሩትን ገንዘብ መጠን ክፍለው ለመጨረስ የተሰጡትን የጊዜ ርዝመት እንዴት ይመለከቱታል?

በጣም አጭር ጊዜ በቂ ጊዜ ረጅም ጊዜ በጣም ረጅም ጊዜ

19.7 የተበረዱትን ገንዘብ በተሰጡት ጊዜ ክፍለው አጠናቀዋል? አዎ የለም

19.7.1 ለ ጥያቄ ቁጥር 19.7 የ እርሶ መልስ የለም ከሆነ፤ በ ሰዓቱ ያልመለሱበት ምክንያት ምን ነበር? -----

በጥያቄ ቁጥር 19. የ እርሶ መልስ የለም ከሆነ፤ ለጥያቄ ቁጥር 19.8 መልሱን ይስጡ

19.8 ብድሩን ለምን አልወሰዱም? የግል ችግር ስለልገጠመ ብድር ጠይቀው ስላልተሰጠ ብድር ስላልፈለጉ ሌላ :-----

የአመለካከት ሁኔታ

20 የገንዘብ ቁጠባና ብድር ማህበር ላይ ያሉትን አመለካከት እንዴት (በምን) ይገልፁታል

ዝቅተኛ በቂ ጥሩ በጣም ጥሩ

21 የቁጠባና ብድር ማህበር ኃላፊዎች/ አስተዳደሩ ስለማህበሩ ዓላማና ግብ ግንዛቤ ማስጨበጫ ሰጠው ያውቃሉ? አዎ የለም

ለ ጥያቄ ቁጥር 21 የ እርሶ መልስ አዎ ከሆነ፤ ለጥያቄ ቁጥር 21.1 ና ጥያቄ ቁጥር 21.2 የእርሶን መልስ ይስጡ።

21.1 በተሰጡት ገለፃ ረክተዋል? አዎ የለም

21.2 ለምን ያህል ጊዜ በገለፃው ላይ ተገኝተዋል? 1 ጊዜ 2ጊዜ 3ጊዜ 4ጊዜ ከ 4ጊዜ በላይ ከሆነ ይግለፁ:-----

22 መንግስት በቁጠባና ብድር ዙሪያ ያወጣቸውን የተለያዩ ህግ፣ መመሪያዎችና ፖሊሲዎች ዙሪያ በቂ ግንዛቤ አለኝ ብለው ያስባሉ? አዎ የለም
ለጥያቄ ቁጥር 22፣ የእርሶ መልስ አዎ ከሆነ፣ ለ ጥያቄ ቁጥር 22.1 መልሶን ይስጡ።

22.1 በገንዘብ ቁጠባና ብድር ላይ ያለውን የመንግስት ህግና ፖሊሲ በእርሶ አመለካከት እንዴት ይገልፁታል? አናሳ ጥሩ በጣም ጥሩ

23 የገንዘብ ቁጠባና ብድር ማህበሩን ህግና መተዳደሪያ ደንብ እንዲሁም አሰራሩን ያውቃሉ? አዎ የለም

የእምነት ሁኔታ/አመልካች

24 የቁጠባና ብድር ማህበር የስራ ኃላፊዎች ወቅታዊ የሆነ የስራ ሪፖርት ለማህበሩ አባላት ይሰጣሉ? ይሰጣሉ አይሰጡም

ለተራ ቁጥር 24 መልሶ አዎከሆነ ለጥያቄ ቁጥር 24.1 እና24.2 መልሶን ይስጡ

24.1 ሪፖርቱ የሚቀርበው መቼ ላይ ነው? በየወሩ በየሩብ ዓመት
በየግማሽ ዓመት በየዓመቱ ሌላ ካለ፣-----

24.2 ለምን ያህል ጊዜ በወቅታዊ ሪፖርት ገለፃ ላይ ተሳትፏል?----- ጊዜ

25 በገንዘብ ቁጠባና ብድር ማህበር ውስጥ የእርሶ ስራ ድርሻ ምንድን ነው?

አባል ሰብሰቢ ኮሚቴ ፀሐፊ

ሌላ፡-----

26 ከማህበሩ ብድር ለመውሰድ መያዣ ይጠየቃሉ? አዎ የለም
ለጥያቄ ቁጥር 26 መልሶ አዎ ከሆነ፣ ለ ጥያቄ ቁጥር 26.1 የእርሶን መልስ ይስጡ።

26.1 ከማህበሩ ብድሩን ለመውሰድ የተጠየቁት መያዣ ምን ነበር?-----

27 የገንዘብ ቁጠባ እና ብድር ኮሚቴ ስራ ላይ ያለዎት ያእርሶ እምነት እንዴት ነው? አንስተኛ በቂ ጥሩ በጣም ጥሩ

28 የገንዘብ ቁጠባ እና ብድር አስተዳደር ኃላፊነት እና ተጠያቂነት ግልጽ ነው?

አልስማመም አንዱን ማለት አልችልም እስማመለሁ
በጣም እስማመለሁ

29 የቁጠባ ና ብድር አስተዳደር ለማህበሩ አባላት መደበኛ የሆነ ስልጠናና የምክር አገልግሎት ይሰጣል? አዎ የለም

30 በእርሶ አካባቢ ያለውን የቁጠባን ባህል እንዴት ይመለከቱታል?

ዝቅተኛ መጠነኛ ጥሩ በጣም ጥሩ

ከገንዘብ ቁጠባ እና ብድር ኅላፊዎች በቀለመጠየቅ መልክ ያሚወስድ

ከዚህ በታች ላሉት ጥያቄዎች እርሶ የ-----ማህበር አስተዳዳሪ እንደመሆናቸው ለቃለመጠይቅ መልሶን እንዲሰጡኝ በትህትና እጠይቃለሁ. ያሰጡኝም መረጃ ሚስጢራዊ እና ለትምረታዊትናት ብቻ እንድሆነ ቃል እጋበለሁ

1. ከገንዘብ ቁጠባ እና ብድር ላይ ያለዎት የስራ ልምድ-----አመት
2. ማህበሩን ያሚማሩት አለማ ቢገልጹ-----
3. እንዳማህበሩ ኃላፊነት የሚሰማዎት ስሜት ምንድን ነው?-----
4. ምን አይነት ችግር ከእርሶ ገንዘብ ቁጠባ እና ብድር አይተው ያውቃሉ?-----
5. ምን አይነት ሁኔታዎች ናቸው የገንዘብ ቁጠባ ብድር አባላት ላይ ችግር ያሚያመጡት?
6. እንደማህበሩ መሪነት የአካባቢን የቁጠባ አጠቃቀም ባህል እንዴት ይገምቱታል?
7. ህዝቡን የገንዘብ ቁጠባ ተጠቃሚ እንዲሆን ምን ዓይነት ሁኔታዎችን ያከናውናሉ?
8. የገንዘብ ቁጠባ እና ብድር ማህበራት ለተጠቃሚዎች ምን አይነት አገልግሎት ይሰጣሉ?
9. ከማህበሩ ብድር ለመውሰድ አባላት ማሟላት ያለባቸው መስፈርቶች ወይም ሁኔታዎች ምንድን ናቸው?
10. የገንዘብ ቁጠባ እና ብድር አስተዳዳሪ ፖሊሲዎችን፣ መማሪዎችን እንዲሁ ደንቦችን ለገንዘብ ቁጠባ እና ብድር አባላት በግልጽ ያሳውቃል? አዎ----- የለም-----
11. የተሰጠው ብድር በወቅቱ ይሰበስበዋል? አዎ----- የለም-----
12. ያቁጠባ ብድር ምልስ እንዴት ይገልጹታል?
13. የተጠቃሚዎችን አመለካከት ለማሳደግ የገንዘብ ቁጠባ እና ብድር አስተዳዳሪ ገለጻ እና ምክር አገልግሎት አሰጣት ምን የክል እየተሰራ ነው?
14. ተጠቃሚዎች ገንዘባቸውን ከማህበሩ ለማስቀመጥ እንቅፋት የሆኑት ሁኔታዎችን ለማግኘት የገንዘብ ቁጠባ እና ብድር አስተዳዳሪ ጥልቀት ያለው ምርምር አከናውኖ ያውቃል? አዎ ----- የለም-----

አዎ ከሆነ፣ ግኝቱ ምን ነበር?

DECLARATION

I, Abayneh Kindie, declare that this thesis, which I hereby submit for Masters Degree of Science (MSc) of Accounting and Finance Studies at Addis Ababa University, is my own work and to the best of my knowledge and has not been submitted for award of any masters, Degree, Diploma or Other Qualification at Addis Ababa University or at any other University. Any contribution made to this research by others, with whom I have worked at Addis Ababa University or elsewhere and all sources are explicitly acknowledged in this thesis.

BY

Abayneh Kindie Derso

Abayneh Kindie

Candidate

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21-June-2011

Date

Advisor

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Date